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Europe's Business Newspaper

WEEKEND JULY 2/JULY 3 1994

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Railtrack launches direct appeal to striking signal staff

Railtrack launched a "hearts and minds" campaign designed to bypass the RMT rail union and appeal directly to its signalling staff to accept the company's restructuring deal. Railtrack said its campaign aimed to tell "the real story about the package on offer to every member of staff". RMT main rail union general secretary Jimmy Knapp described the Railtrack campaign as an "exercise in futility". The union executive will meet on Monday to decide whether to increase the action that has severely disrupted UK rail services for the past three Wednesdays. Page 7

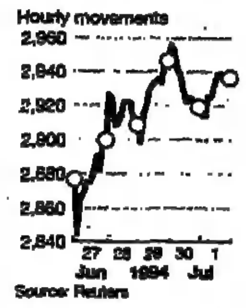
Skandia protests against Sweden's debt: Concern about Sweden's shaky public finances rose as Skandia, one of the country's top two insurance groups, said it had stopped buying government bonds in protest at the continuing rise in state debt. Page 4

Airbus to rethink test flights: The European Airbus consortium is expected to decide in two weeks when to pursue flight tests on the A330 airliner, following Thursday's crash at Toulouse in which seven crew died. Page 4

Schools testing package: Education secretary John Patten announced a package of measures designed to bring an end to the teachers' boycott of compulsory testing in schools. Page 6

Footsie ends firmer ahead of G7 meeting

FT-SE 100 Index



Source: Reuters

The UK stock market cruised to a firm close, helped by a steadier trend in the US dollar and bond markets ahead of next week's meeting of G7 countries. After some initial uncertainty, the stock market took its lead from improvement in British government bonds. Share prices remained firm although bonds lost most of their early gains. The FT-SE 100 Index closed at 2,936.4, a net gain on the day of 17.2, and on the week of 59.8. Page 15; Lex, Page 24

80 feared dead in air crash: About 80 passengers and crew were feared dead after an Air Mauritanie Fokker-28 crashed at Tidjikja on a domestic flight from Nouakchott, the capital of the west African nation, 450km to the west.

Murdoch takes free satellite stake: Rupert Murdoch's News Corporation acquired 49.9 per cent of the Vox satellite television channel in Germany – for nothing. Page 24

Anger over Bosporus shipping rules: Turkey was set on a possible collision course with Russia, after unilaterally imposing new shipping regulations for the Bosporus and Dardanelles. Page 4

Senate rejects Bosnia order: The US Senate narrowly rejected an effort to order President Bill Clinton unilaterally to break the UN embargo on arms supplies to Bosnia. Page 2

Deutsche Telekom, German state telecommunications monopoly, expects privatisation will begin on schedule in 1996, with a first tranche of up to DM20bn in shares, following its financial restructuring. Page 11

Japan's PM seeks to ease anxiety: Japan's new Socialist prime minister, Tomiichi Murayama, pledged to pursue moderate conservative policies in an attempt to win confidence in his government. Page 3; A novice in deep water, Page 8

Builders oppose planning rules: An unprecedented initiative to unite industry against government planning guidelines has been launched by the Housebuilders Federation, which fears development may face restrictions. Page 24

Yorkshire Electricity: Heavy provisions for redundancies were behind a dip in profits last year, the Leeds-based distributor said, but underlying business was strong and it raised its dividend by 15 per cent. Page 10

Wimbledon: Defending champion Pete Sampras beat Todd Martin 6-4 6-4 3-6 6-3 to reach the Wimbledon men's final where he will meet Goran Ivanisevic, who defeated Boris Becker 6-2 7-6 6-4.

England take early wickets: New Zealand were 84 for four in their first innings on the second day of the third cricket Test at Old Trafford after dismissing England for 382 all out.

Companies in this issue

Anglian	10	Incentive	10
Avesco	10	Inveresk	10
BHP	11	Jermyn Inv	10
Betacom	10	Jones & Shipman	10
Cartiere Burgo	11	Lasmo	24, 10, 1
Charter	10	Lonestar Inds	10
Coal Invs	10	Mannesmann	1
Credit Suisse	11	NTT	11
Creditanstalt	11	Nestle	24
Crest Nicholson	10	News Corp	24
Deutsche Telekom	11	OMI Intl	10
Donelon Tyson	10	Partridge Fine Arts	10
EW (Holdings)	10	Platignum	10
Enichem	11	Queens Moat Houses	10
Enterprise Oil	24, 10, 1	RMC	10
Esab	10	Richemont	11
Fineist	10	SmithKline Beecham	10
Fitch	10	Vendôme	24, 10
Fuller Smith Turner	10	VideoLogic	10
Glaxo	10	Vox	24
Heath (Samuel)	10	Yorkshire Elect	10

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Arafat returns in triumph to Gaza

Palestinian leader pledges to take struggle to Jerusalem

By Julian Ozanne in Gaza

An emotional Yassir Arafat took his first chaotic but triumphant steps on Palestinian soil yesterday after 27 years in exile.

He vowed to extend the Palestinian struggle from Gaza to the holy city of Jerusalem, claimed by Israel as its eternal capital.

"Our blood, our souls – we will sacrifice them for you, Abu Amar [Mr Arafat's nom de guerre], God is Great!" went up the Palestinian battle cry as euphoric Palestinian fighters-turned-policemen waved victory signs and automatic rifles, and a bagpipe band played nationalist music.

"My brothers, while we are here in Gaza we remember the martyrs of the al-Ibrahimi mosque," Mr Arafat, chairman of the Palestine Liberation Organisation, told the thousands of welcomers, referring to some 30 Palestinians shot dead by an Israeli gunman in the West Bank town of Hebron in February.

"We and they are going from here to the mosque [in Hebron], going to Nablus and Jenin and Tulkarm and Qalqilya and Bethlehem and Beit Sahour and Beit Jalla and Ramallah and then shortly after to Jerusalem! Jerusalem! Jerusalem! to pray there," he said in a 30-minute address, listing the most important Palestinian towns and holy places.

But he assured Israel he would honour the autonomy deal signed by Israel and the PLO last September, calling it "a courageous peace, a courageous compromise". The deal provides for self-rule by the Palestinians in the Gaza Strip, Jericho and eventually the West Bank as a whole.

Israel's rightwing opposition leaders reacted angrily to the speech, but government officials viewed the homecoming with either indifference or equanimity.

Mr Shimon Peres, foreign minister, said Mr Arafat "can say what he likes, as long as he acts

Master of surprise charts risky course .... Page 2
Editorial Comment .... Page 8

only on what's been agreed. And so far, he has followed the self-rule agreement – rejecting terror, preventing terror, dissociating himself from the PLO charter".

Earlier, tears streamed down the Palestinian leader's face as he stood through the open roof of a black Mercedes limousine and waved to thousands of Palestinians who lined the 40km route, clapping and ululating.

In Gaza City, policemen from the Palestine Liberation Organisation, who blocked streets and guarded rooftops, fired into the air to greet the man they revere as the embodiment of Palestinian resistance and nationalism.

Gaza was belatedly electrified by his symbolic homecoming, if only for three days. Minutes before his arrival, Palestinians were still emerging from their subdued mood to whitewash graffiti-stained walls and hang flags and bunting from balconies. Policemen were busy until the last moment, painting checkpoints with flowers and cutting palm branches – a symbol of peace. The PLO declared Friday a holiday to help boost Mr Arafat's arrival. Many Palestinians remain deeply sceptical of Mr Arafat and the peace deal he struck with Israel, which leaves many of the most burning Palestinian demands shelved.

At least some who turned out to greet the "President" did so out of respect for an old leader and a son of Palestine rather than because they support him personally. Others were simply curious to catch a face-to-face glance of the most famous Palestinian. Mr Arafat is sometimes reputed to possess superhuman and death-defying abilities.

With the homecoming over, Mr Arafat faces his greatest moment of truth. He can no longer survive as a popular leader on the basis of myth, legend and theatrics but will be quickly faced with the enormous social and economic challenges facing Gaza. Expectations are running high

Continued on Page 24

PLO chairman Yassir Arafat is carried on supporters' shoulders as he enters the Gaza Strip

Reuter

Dollar ends turbulent week on firmer note

By Philip Gawith and Philip Coggan

The dollar staggered yesterday to the end of a week in which it fell to a post-war low against the Japanese yen but avoided a headlong decline.

Attention is now focused on the rash of policy meetings next week which should reveal whether the G3 countries – US, Germany and Japan – are willing to take concerted action to support the dollar.

The central bank meetings are followed by the summit of the Group of Seven leading industrial nations in Naples, which starts on Friday. The weakness of the dollar and its impact on financial markets is likely to be of key concern at the summit.

The US currency closed in London at Y98.705, more than a yen firmer than the low of Y97.68 reached during Tokyo trading. Against the D-Mark it finished at DM1.5946, from DM1.5915 on Wednesday.

Earlier the dollar had gained support from rumours, later denied, that the Bank of Japan might cut its official discount rate. Speculation had been fuelled by comments made by Mr Lloyd Bentsen, the US treasury secretary, that lower Japanese

Continued on Page 24

Currencies, Page 13; London statistics, Page 15; World statistics, Page 21; Lex, Page 24; Markets, Weekend II

Lasmo wins battle against Enterprise bid

By David Wighton

Lasmo won its hard-fought battle for independence when the £1.6bn hostile bid from rival Enterprise Oil failed by an unexpectedly wide margin yesterday.

Enterprise gained acceptances for only 23 per cent of the shares in addition to the 9.8 per cent of Lasmo it bought in the market on Wednesday.

The Enterprise camp had been saying it expected a much closer finish. The disappointing result drew some criticism of S. G. Warburg, the lead adviser on the bid.

Mr Graham Hearne, chairman and chief executive of Enterprise, refused to blame the advisers, saying: "The responsibility rests with me. We are naturally disappointed at the outcome of the bid. I still believe that the assets fit together well, the terms were right and the price a fair one."

However, the commercial arguments failed to convince most observers and the lack of a cash element is thought to have swayed a number of institutions.

Instead, Enterprise was offering a mixture of new A shares and warrants which Mr Rudolph Agnew, Lasmo chairman, successfully attacked as "junk paper". Analysts criticised Warburg's handling of the bid and in particular the apparent misreading of institutions' intentions. One analyst singled out the actions of Phillips & Drew Fund Management, Lasmo's largest shareholder.

On Wednesday Enterprise bought nearly half PDFM's stake at 169p a share, suggesting it was worried that PDFM would not accept the paper offer. It would have done better to buy from someone else as yesterday PDFM was one of the few institutions to accept on behalf of its remaining stake.

"Tony Dye [PDFM's investment director] deserves the biggest prize in this bid," said a member of the Enterprise camp. "If he wants to he will be able to buy the shares back at much less on Monday."

The announcement that the bid had lapsed came after the market closed leaving Enterprise up 9½p at 398½p and Lasmo 1½p higher at 138p.

Legal & General also accepted the offer but Mercury Asset Management, the fund manager owned by Warburg which Enterprise's advisers confidently expected to accept for its 1.7 per cent stake, backed Lasmo. One institution said: "We genuinely did not decide which way to go until the last moment and I think others did the same."

The decision to extend the offer to US investors, who accounted for about a fifth of the shares, was vindicated, with about half accepting the bid.

The Enterprise camp were quick to praise the defence campaign, pointing to the good impression Mr Agnew and Mr Joe Darby, Lasmo's chief executive, made with institutions. Lasmo was advised by Goldman Sachs and Schroders.

Mannesmann share jolt as chief faces inquiry

By Michael Lindemann in Bonn

Shares in Mannesmann, one of Germany's largest companies, were jolted yesterday by news that state prosecutors had launched a wide ranging investigation into Mr Werner Dieter, the company's chief executive, for alleged fraud.

Mr Rolf Chanteaux, a spokesman for the state prosecutor in Düsseldorf, where the engineering conglomerate is based, said investigations had begun into Mr Dieter's alleged "activities which are likely to harm the company."

The probe could damage Mr Dieter's chances of becoming chief of Mannesmann's supervisory board.

"On the basis of preliminary inquiries we have launched a full investigation," Mr Chanteaux said, declining to give any further details.

Mannesmann's share price fell to DM397 from an opening price of DM404 but recovered in afternoon trading in Frankfurt to close at DM402. The shares stood at DM446 before Spiegel magazine published an article three weeks ago alleging irregularities in Mr Dieter's private business activities.

Spiegel alleged that Mr Dieter had forced Rexroth, a Mannesmann subsidiary, to buy hydraulic accessories from Hydac, a company mainly owned by Mr Dieter's family.

Mr Dieter yesterday said his family owned 57.5 per cent of

Continued on Page 24

STOCK MARKET INDICES

FT-SE 100:	2936.4	(+17.2)
Yield	4.22	
FT-SE Eurotrack 100	1314.32	(-8.22)
FT-SE-A All-Share	1469.48	(+0.4%)
Nikkei	20,543.41	(-100.52)
New York: lunchtime		
Dow Jones Ind Ave	3680.47	(+5.51)
S&P Composite	444.45	(+0.18)

■ LONDON MONEY

3-mo Interbank	$5\frac{3}{16}$%	(same)
Liffe long gilt fut	Sep $99\frac{31}{32}$	(Sep$99\frac{21}{32}$)

■ US LUNCHTIME RATES

Federal Funds:	$4\frac{1}{4}$%
3-mo Treas Bills: Yld	4.283%
Long Bond	$84\frac{1}{32}$
Yield	7.616%

■ NORTH SEA OIL (Argus)

Brent 15-day (Aug)	$17.63	(17.455)

■ Gold

New York Comex (Aug)	$388.1	(387.3)
London	$385.0	(388.0)

■ STERLING

New York lunchtime:		
$	1.53495	
London:		
$	1.538	(1.5435)
DM	2.4525	(2.4564)
FFr	8.4044	(8.4257)
SFr	2.0571	(2.0651)
Y	151.808	(152.254)
£ Index	79.6	(79.7)

■ DOLLAR

New York lunchtime:		
DM	1.59935	
FFr	5.46075	
SFr	1.33635	
Y	98.85	
London:		
DM	1.5946	(1.5915)
FFr	5.4645	(5.459)
SFr	1.3375	(1.338)
Y	98.705	(98.645)
$ Index	63.5	(63.3)
Tokyo close Y 98.78		

CONTENTS

... China RMB26.50; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.50; Finland FmK14; France FFr9.50; Germany DM3.50; Greece Dr350; Hong Kong ... Israel NS8.00; Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.80; Malta Lm0.80; Morocco Dh15.00; ... Pakistan Rs40; Philippines Peso 50; Poland Zl 32,000; Portugal Esc225; Qatar QR13.00; S.Arabia Rls11.00; Singapore S$4.20; Slovak Rep KSL50; South Africa R12.00; Spain Pts225; ... Thailand Bht50; Tunisia Din1.500; Turkey L33000; UAE Dh12.00; USA $1.50

 No 32,408 Week No 26

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

Arafat continues to keep world guessing

Master of surprise charts risky course

Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, is proud of his unpredictability; it is a quality which for 30 years has served him well. It has kept him one step ahead of lethal enemies, out of the clutches of allies who tried to control him, and helped build the image of a man who wanted the world to believe that the fate of the Middle East's most intractable problem rested on his shoulders.

The only surprising thing about the suddenness of his decision to visit Gaza yesterday was that anyone was surprised by it. Mr Arafat consults, but he alone decides. On Wednesday morning in Tunis many of his closest aides, working alongside Mr Arafat, first learned of his decision to go to Gaza through the media.

They did not know then exactly what had prompted the decision, and yesterday still did not.

They smile, shrug their shoulders and sigh deeply. This was the sort of surprise they had come to expect, but not to explain.

By Mr Arafat's standards this was a very modest surprise, merely a matter of timing, not of strategy. He may not reap such extensive international exposure as he would like, but he will have marked another stage in the still long march towards his ambition of becoming president of an independent Palestinian state.

A year ago, yesterday's events in Gaza would have seemed inconceivable. Then he was embattled by critics from within his own organisation, was failing to show any real progress in the negotiations with Israel in Washington, and appeared an increasingly lonely man whose career might have run its course.

But even as his critics were writing him off, Mr Arafat was secretly negotiating the deal which would catapult him on to the lawn of the White House, and Israel into doing the one thing which successive governments swore would never happen – formally recognising the PLO.

The debate still rages among Palestinians, and among those who promote their cause, about the merits of the deal negotiated by Mr Arafat: whether it is a formula for continued Israeli domination of Palestine, or the first irreversible step towards an independent state.

Whatever the eventual outcome, Mr Arafat is seen as a vital component by Israel and the US, the two governments which sought longest and hardest to exclude him from the equation.

To hear Israeli diplomats defending the PLO chairman against his Palestinian critics has been one of the more

> 'For now he embodies the dream of a Palestinian state'

remarkable experiences of recent months.

An even bigger surprise would be if Mr Arafat chose to remain in either Gaza or Jericho for very long. He is a compulsive traveller, in part to avoid the set patterns which favour assassins, but also to keep the Palestine issue at the forefront of world attention.

Predictably, his aides have no idea where he will next set up home, and despite his formal farewell to President Ben Ali of Tunisia this week there is little evidence of Palestinian offices in Tunis preparing to close down.

Quite apart from security considerations, Mr Arafat will want to keep a balance between the substantial Palestinian population in the diaspora and those living in the territories, while also maintaining a greater geographical distance between himself and Israel as talks begin on the next stage of the peace process.

If those talks run into difficulties, as seems probable, Mr Arafat will be looking for the greatest possible room for manoeuvre, both in relation to Israel and to his own constituency. The fear is that such manoeuvring will be at the cost of the detailed but unspectacular work needed to establish the Palestinian self-rule authority in the liberated areas.

A start has been made, but it has been slow and Mr Arafat's unwillingness to delegate has increasingly irritated the international donor governments which have contributed \$2.4bn (£1.57bn) to the development of the West Bank and Gaza over the next five years.

They all recognise that an *improvement in basic living* standards will contribute more than anything else to the acceptance of the peace process by the majority of Palestinians.

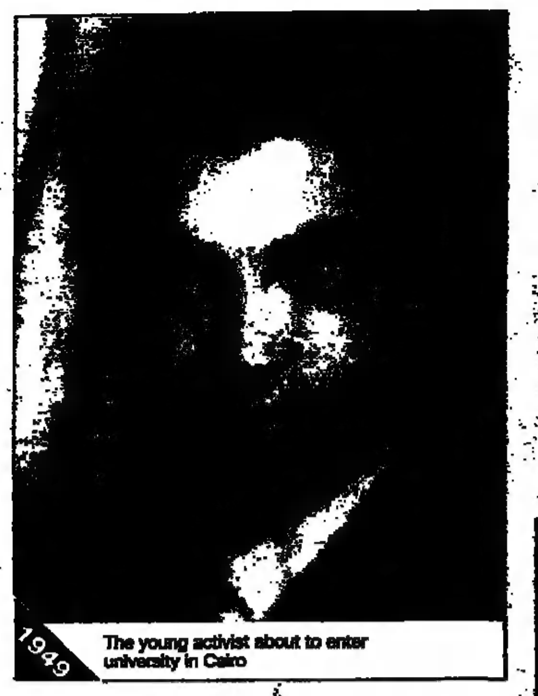
However, Mr Arafat, in common with other guerrilla leaders before him, is finding the adjustment from freedom fighter to chief executive hard to make, particularly as the largest part of the territory he seeks is still under occupation.

With elections to the self-rule authority due to be held after the completion of Israeli troop withdrawals, Mr Arafat is predictably also seeking to ensure that his closest supporters are in the most *advantageous positions*, a further obstacle to the establishment of an efficient administration.

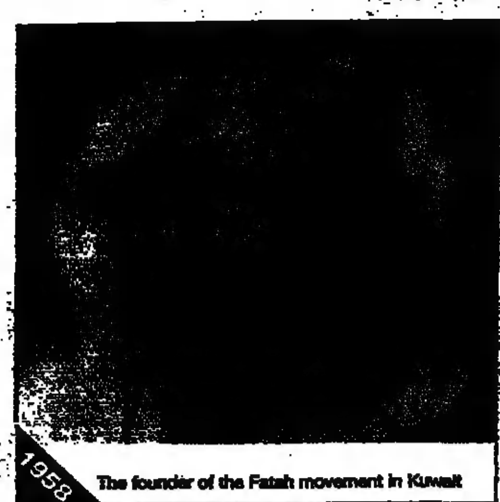
But however great the frustrations, Mr Arafat again underlined yesterday that no other Palestinian can rival his political status. "Not everyone loves him", said a PLO official yesterday. "Of course we know that some people despise him, even hate him. But for now, at least, he embodies the dream of a Palestinian state, of independence, and freedom for our people. Whether he will still do so in a year's time remains to be seen."

Roger Matthews

Arafat fight for Palestine



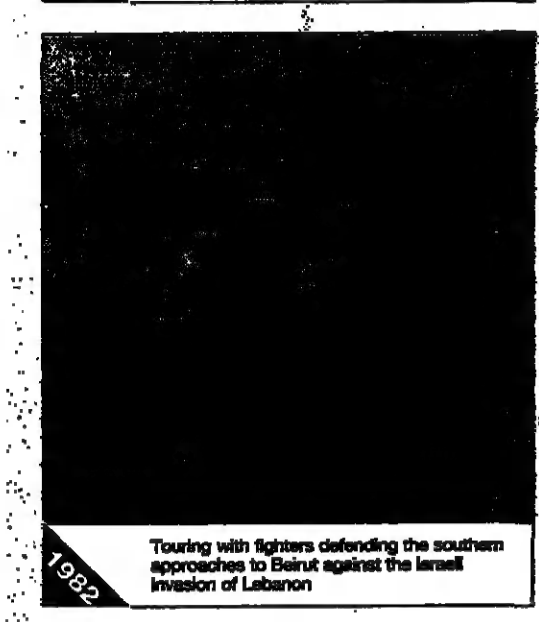
1949 The young activist about to enter university in Cairo



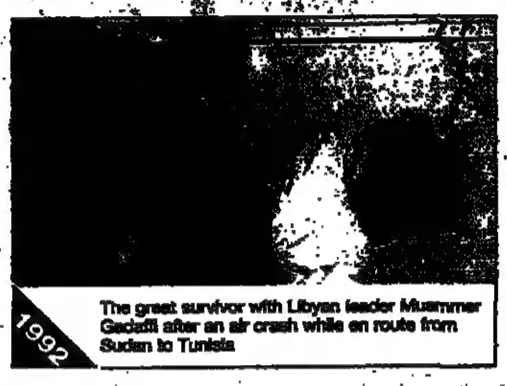
1958 The founder of the Fatah movement in Kuwait

1974 Speaking at the UN, New York: 'I have come bearing an olive branch and a freedom fighter's gun. Do not let the olive branch fall from my hand'

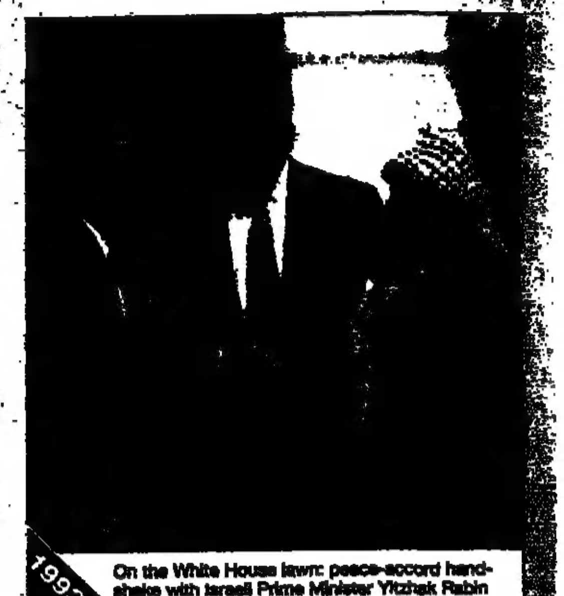
1979 The first foreign leader to visit Tehran after the Iranian revolution making a point to religious leader Ayatollah Khomeini; on right is Khomeini's son Ahmed



1982 Touring with fighters defending the southern approaches to Beirut against the Israeli invasion of Lebanon



1992 The great survivor with Libyan leader Muammer Gadaffi after an air crash while en route from Sudan to Tunisia



1993 On the White House lawn: peace-accord handshake with Israeli Prime Minister Yitzhak Rabin

August 4 1929: Born Mohammed Abdel-Raouf Arafat al-Qudwa al-Husseini, to Palestinian parents in Cairo.
1933-37: Arafat lives in Jerusalem, observes beginning of 1936-39 Arab Revolt.
1948: After Britain pulls out of Palestine, Jewish leaders establish state of Israel and defeat Arabs in War of Independence.
Early 1950s: Arafat studies civil engineering at Cairo university, becomes chairman of League of Palestinian Students.
1958: Founds Fatah movement in Kuwait.
1965: Fatah launches armed raids into Israel.
1967: After Six-day War between Israel and Egypt, Syria and Jordan, Arafat makes clandestine foray into West Bank.
1969: Arafat elected chairman of Palestine Liberation Organisation.
1970-71: PLO fights civil war in Jordan, is ejected to Lebanon.
1975-76: PLO embroiled in Lebanese civil war.
September 1978: Israel and Egypt sign Camp David accords.
1982: Israel invades Lebanon, Arafat and his forces ejected from Beirut to Tunis.
1988: Palestine National Council declares Palestinian state and Arafat recognises Israel.
1991: After Gulf war, Madrid Middle East peace conference initiates negotiations between Israel and Palestinians.
September 1993: After secret Israel-PLO negotiations, Arafat and Israeli Premier Rabin agree mutual recognition and shake hands on White House lawn.

Palestinian businessmen eye opportunity

While Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, struggles to secure promised aid in support of his self-rule agreement, wealthy Palestinians in the diaspora have mobilised hundreds of millions of dollars for private investment in the West Bank and Gaza Strip, writes James Whittington in Amman.

The vehicle for investment is the newly-established Palestine Development and Investment Company (PDI) which is registered as an off-shore holding company in Liberia and has a paid-up capital of \$200m (£131.5m).

The board of directors reads like a Who's Who of successful Palestinian family businesses.

It includes representatives from the Shoman family, which controls the Arab Bank, the son of Mr Said Khouri, joint owner of the construction company CCC (Consolidated Contracting Company), and Mr Kamal Shair, head of Dar al Handasah, one of the world's leading consultancy firms in engineering and urban development.

These businessmen, and others, have put their money behind the PLO's peace agreement with Israel in the belief that it will eventually lead to a regional peace settlement. "We have assumed a scenario of comprehensive peace where there will be free and open trade. Jordan and the West Bank will form a common market and then a federation, and Palestinians will have self-determination," explained Mr Shair, who is the holding company's chairman.

The head office is in Amman and operating companies are soon to be established in the West Bank and Gaza Strip. Feasibility studies have identified five main areas of investment which will each be managed by one of the operating companies. These are tourism, financial services and investment banking, light industry, agriculture and construction.

Mr Shair said he hoped the combined capital of the operating companies, which should attract equity investment from Palestinians inside the territories, plus borrowing on international capital markets, will enable PDI to lever its \$200m to up to \$1bn over the next five years.

Corporate strategy will focus on high quality export-oriented goods and services. "The Palestinians have a comparative advantage in terms of low wages. Labour intensive industries such as [manufacturing] leather and household goods and agriculture will be profit-making if we aim at high quality production. We will help the people inside to market their goods not only regionally but also in Europe like the Israelis do," Mr Shair said.

In construction the operating company will seek profits by building middle/upper income housing and industrial estates and in tourism joint ventures will be sought with Jordanian, Syrian, Lebanese and Egyptian tourist companies.

According to current Jordanian laws in the West Bank, foreign investors are permitted a maximum 49 per cent stake in local companies. But Mr Shair explained that the PDI would insist on ultimate control of all projects which came under its wing. "Through equity control or a management agreement we will have all strategic decisions for operating companies," he said.

The company's first mission to the West Bank and Gaza Strip, led by Mr Nabil Sarraf, who is the PDI's acting general manager and a close associate of Lebanese Prime Minister Rafik Hariri, returned to Amman recently after largely enthusiastic receptions in East Jerusalem, Nablus and Gaza. Mr Sarraf said that concern was expressed by some local businessmen that they would be overwhelmed by outside investors. But "after some discussion they were nearly all convinced that we are coming to make money for everyone, not just ourselves."

The stature of the PDI's founding members will be a huge boost to Mr Arafat, who has already contacted the company for advice on Palestinian investment legislation and a stock market. With the slow disbursement of foreign aid, he is desperate for a reconstruction programme and investment to begin backing-up his peace deal.

US agrees to sign Law of Sea treaty

By Ken Warn in Washington

The US is to sign the UN Convention on the Law of the Sea at the end of this month, *after more than a decade of* opposition.

The treaty, which sets rules on sea-bed mining and oil exploration, fishing rights and scientific research, has already been ratified by 61 countries and is due to take effect in November.

Successive US administrations have blocked ratification of the treaty on the grounds that it restrained private enterprise in sea-bed mining. However, Mr Warren Christopher, secretary of state, told the Senate foreign relations committee on Thursday that the US had successfully negotiated changes to make the treaty more business-friendly.

The treaty also guarantees rights of passage through straits and gives countries full sovereignty within 12 miles of their coasts and control of fishing and mining rights within a 200-mile zone.

US adherence to the treaty must be approved by the Senate, and some Republicans are expected to maintain their objections.

The treaty's coming into force is unlikely to lead to a boom in sea-bed mining. Shortages of key minerals that were predicted when treaty negotiations began in the early 1970s have not come about and mining in deep waters remains costly.

Growth puts pressure on prices

By Michael Prowse in Washington

Robust US economic growth is putting upward pressure on prices in the manufacturing sector, purchasing managers reported yesterday as separate reports on business confidence and construction spending underlined the continuing vitality of the economic recovery.

The purchasing managers' index of prices paid by manufacturers rose two percentage points to 73.5 per cent, the highest level since August 1988 when the Reagan boom was still under way.

The index shows the direction of price changes, but not their magnitude as it is based on the proportion of companies reporting increases as opposed to decreases in prices.

The overall purchasing managers' index – a guide to manufacturing output – registered 57.5 per cent in June, slightly below the May reading of 57.7 but still a sign of steady growth; 17 out of 20 manufacturing sectors reported an improvement in business con*ditions from May. The overall* index has hovered around 57 per cent since last December. Readings of 50 per cent or more indicate the economy is growing.

Indices measuring the strength of new orders and new export orders rose last month, indicating growth of manufacturing production later this year.

Chief executives' "assessment of the current state of the US economy is at the highest level in 10 years", said Mr Jason Bram, an economist at the Conference Board, a New York business analysis group.

The board's index of business confidence dipped slightly to 64 in the second quarter *from 65 in the first* three months, but remained well above the level in the second half of last year when gross domestic product grew at an annual rate of 5 per cent.

More than 80 per cent of respondents said general economic conditions had improved over the past six months; fewer than 5 per cent cited a deterioration. The dip in the overall index reflected a slightly less optimistic view of future business conditions, probably prompted by the recent rise in bond yields.

Construction spending rose 0.9 per cent in May to stand 2.9 per cent higher than its average level in the first quarter, confirming a strong rebound *after severe winter storms.* Construction was up 11 per cent from May last year.

The official index of leading indicators was unchanged in May for the second month, but many economists regard it as a barometer of current, rather than future, economic conditions.

Gore's casting vote ensures arms ban remains

Bosnian embargo backed

By George Graham in Washington

President Bill Clinton yesterday narrowly avoided the prospect of a big clash between the US and its European allies when the US Senate defeated by a hair's breadth a measure requiring the administration unilaterally to lift the embargo on arms supplies to Bosnia.

Vice-President Al Gore, whose office allows him to chair the Senate, broke a 50:50 tie with his casting vote to reject a motion sponsored by Senator Robert Dole, the Republican leader.

The House of Representatives has already voted for the same measure and, if Mr Dole's motion had passed, Mr Clinton would have faced an embarrassing choice between vetoing the entire *defence budget*, to which the Bosnian motion was attached as an amendment, or defying the United Nations resolution which bans arms supplies to the former Yugoslavia.

Mr Clinton has said he supports ending the embargo on Bosnia, but not unilaterally.

France and the UK, which have warned that a lifting of the embargo could compel them to withdraw their troops from the UN peacekeeping force in Bosnia, were pleased at the outcome of the Senate vote.

Mr Douglas Hurd, British foreign secretary, had lobbied 19 senators on a recent trip to Washington in an effort to solidify opposition to any unilateral move.

While Senator Dole argued that it was wrong to deprive Bosnia, which has been much harder hit than Serbia by the arms embargo, of the right to defend itself, Senator Sam Nunn and Senator John Warner, two of the Senate's most respected voices on national security affairs, warned that the US would be dragged into the conflict if it breached the UN embargo.

"The implication of lifting this embargo unilaterally is that this becomes America's war. Lifting this unilaterally carries with it a very serious moral obligation to follow through," Mr Nunn said.

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Japan's PM attempts to ease anxiety

By William Dawkins in Tokyo

Mr Tomiichi Murayama, Japan's new Socialist prime minister, yesterday attempted to win confidence in his much-criticised government by pledging to pursue moderate conservative policies.

He acknowledged that there was anxiety over his appointment and pledged to "make further efforts to make my cabinet more trustworthy and reliable".

The three-party alliance of the conservative Liberal Democratic party with its traditional enemy the Social Democratic party, plus the New Harbinger party, an LDP splinter group, has achieved instant unpopularity after seizing power in a parliamentary coup on Wednesday.

Only 33 per cent of the electorate supports the new government, according to a poll yesterday by the Mainichi Shimbun newspaper. The figure rose to 40 per cent in a survey conducted by Television Tokyo.

In his first public address since taking office, Mr Murayama outlined polices roughly in line with those of the dominant coalition partner, the conservative LDP.

He promised to extend the current one-year income tax cut, in an attempt to boost domestic demand, and said the government would try to reach a conclusion by the end of the year on how to finance a tax reduction. Finance Ministry plans for a law by the end of the year to increase sales tax would be delayed for many months, a government official said.

The government will press on with plans to reform the political and electoral system and will hold the next general election under the new rules, rather than the old ones, the prime minister said.

On foreign relations, Mr Murayama pledged broadly to continue the diplomatic policies of the previous government. He reassured US President Bill Clinton by telephone yesterday that Japan would abide by the US-Japan security treaty, under which US troops are stationed on Japanese soil. The pacifist SDP has long advocated scrapping the treaty.

Mr Murayama shared the previous government's cautious stance over North Korea's nuclear ambitions by saying Japan would continue to seek a solution through dialogue, rather than economic sanctions.

However, he toned down the previous government's attempts to step up Japan's bid for a permanent seat on the United Nations Security Council. "I don't believe Japan should actively manoeuvre," for the post, he said.

Japan would, however, continue to help with UN peacekeeping duties within the limits of its pacifist constitution. That is a change from official SDP reluctance to accept Japan's constitutional right to have armed forces, another indication of the concessions the party has made to share government with the LDP.

Uzbekistan courts 'His Majesty the som'

Tashkent tries to inflate respect for its new currency, but many fear its glitter will not last, writes Steve LeVine

The conservative government of Uzbekistan yesterday introduced a new currency, the *som*, without international backing, to the alarm of the few western traders still toughing it out in Tashkent.

Nor are they the only ones worried by the move, decreed by Mr Islam Karimov, the Uzbekistan president. Since the announcement the black market rate of the interim currency, the coupon, has fallen by 33 per cent. Western traders suggest that even the government is uncertain about the new currency launch.

They point to an unusual government tender planned next month in Tashkent, in which residential properties will be sold exclusively for dollars.

"It shows that someone in government doesn't believe the som is going to remain convertible for very long," a senior western business consultant in Tashkent said.

In a public relations drive that reflects the lack of any substantial underpinning of the new currency, the state media have tried to inflate respect for the som by referring to it as "His Majesty the som".

But the International Monetary Fund has halted talks on currency support, since Mr Karimov refused to set the stage for the som by first altering economic policies that have fuelled a 1,500 per cent annual inflation rate.

Uzbekistan left the rouble zone eight months ago. In April, the government initiated talks with the IMF, which had already awarded support programmes to Kazakhstan and Kyrgyzstan.

But IMF officials decided Mr Karimov was not prepared to shift his economic policies sufficiently to sustain long-term currency stability.

"The government thinks it can avoid strict fiscal and monetary policy," said a western economist in Tashkent, "but this is impossible."

Lacking IMF support, the government is backing the som with $700m (£466m) in cash and an undisclosed quantity of gold.

The som will circulate at an initial rate of six to the dollar; the government will exchange the new currency without restriction at a rate of one som to 1,000 coupons. During the one-month phase-in, the coupon will be honoured alongside the som.

At current exchange rates, the som will be worth almost seven times the value of the coupon, a level western analysts say is almost sure to decline sharply and quickly.

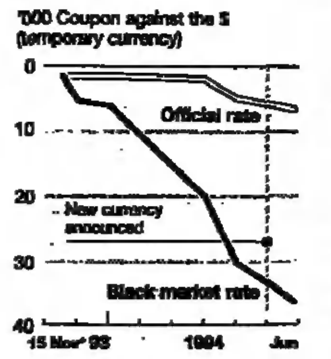
They believe Mr Karimov will continue to try to dictate the value of Uzbekistan's currency, though with just $700m in reserves he will not manage to intervene in support of the new som for long.

Mr Karimov has attempted, at least at first, to restrain expected devaluation by restricting the circulation of the new currency in its initial month of circulation.

Uzbekistanis will be required to deposit their coupons in state banks but will not be permitted for a month to exchange them for the new currency, thus restricting circulation to the current month's state salaries.

Uzbekistan

'000 Coupon against the $ (temporary currency)



*Coupon replaces Russian rouble

Source: Uzbekistan National Bank and FT estimates

The currency's introduction mirrors Mr Karimov's administration of Uzbekistan's economy as a whole since independence came with the Soviet collapse 30 months ago.

On paper, the republic has tantalised western investors, if a bit less than its richer central Asian neighbours, Kazakhstan and Turkmenistan.

During the Soviet period, Uzbekistan served mainly as a cotton bin, growing most of the Soviet crop and becoming the world's fourth largest producer.

Uzbekistan also produced 60 tonnes of gold a year, and in 1993 extracted 45bn cubic metres of natural gas. About 4m tonnes of oil were produced last year, and recent discoveries make this figure likely to rise.

Trouble has come because Mr Karimov has expended enormous efforts trying to conserve the Soviet system that put him in power during the Gorbachev era.

For example, state enterprises still thrive by borrowing money from the government at a significant negative interest rate, since Mr Karimov is keen to avoid causing unemployment.

He has rejected western advice that, with a spiralling 3.5 per cent birth rate and half the population of 21m below the age of 19, Uzbekistan should move quickly with a reform package of subsidy reduction and industrial restructuring.

One of Mr Karimov's tendencies has been wholeheartedly to support market reform and western investment (in January he unveiled a well received reformist programme) as long as it does not disturb anything.

Thus, his policies have produced only a slight crack in the door through which just a few investors have managed to pass. Notable among these are Daewoo, Mercedes-Benz and Newmont Mining. This week, as well, BAT Industries is to sign a $190m deal to develop Uzbekistan's domestic and export market for cigarettes.

Analysts say that Mr Karimov's tight economic grip has also been the main problem with Uzbekistan's disastrous monetary policy but that he is unlikely to lighten up soon.

One western business consultant in Taskhent said: "We hear all the time here: 'Before you move into your new house you don't destroy your old one.' Karimov is just going to be very cautious."

China-Taiwan trade begins to lose momentum

By Laura Tyson in Taipei

Growth in trade between Taiwan and China has slowed from its breakneck pace earlier this year due to China's economic clampdown and rising concern in Taipei over the risks of increasing reliance on the mainland market.

According to Hong Kong customs statistics, released yesterday by Taiwan's Board of Foreign Trade, two-way cross-strait trade totalled $2.82bn (£1.85bn) between January and April, up 7.4 per cent from the same period in 1993.

Two-way trade advanced at an annual rate of 25.4 per cent during the first four months of last year and 17.3 per cent for all of 1993. Taiwan bans direct transportation to China, forcing most cross-strait trade to be routed through Hong Kong.

The figures are a relief to Taiwan's government, which last year began encouraging local businesses to diversify their overseas investments away from China.

Mr Chiang Ping-kun, economy minister, yesterday reiterated Taipei's "Go South" policy. This is aimed at boosting economic and trade ties with south-east Asian countries to offset dependence on China.

"This area has become a main target for our concerted outward investment," Mr Chiang said at a meeting of businessmen in Manila. In a government-led effort, Taiwan investors will put $300m into an industrial estate at Subic Bay, the former US naval base.

Government efforts notwithstanding, analysts say the slowdown in cross-strait trade is only a respite and that the long-term trend is unstoppable.

Hong Kong statistics underestimate Taiwan-China trade flows, as the volume of goods transshipped through the colony without passing through customs is growing.

Prof Wea Chi-lin, a trade expert at Taiwan University, estimates 1993 two-way trade at $13bn, against an official tally of $8.69bn. Of that, $10bn is Taiwanese exports to China, representing 15 per cent of the island's total exports. This does not take into account the growing volume of goods "smuggled" across the strait on fishing boats.

After Hong Kong's handover to Beijing in 1997, Taiwan's exports to China will represent 30-35 per cent of the island's total exports. The figure will stabilise at 35-40 per cent by the end of the century, Prof Wea estimates.

The extent of Taiwanese investment in China is still murkier. Extrapolating from official Chinese figures showing contractual investment, it is estimated that some 15,000 mostly small and medium-sized Taiwanese companies have invested about $15bn since they began moving to China in the early 1980s in defiance of a long-standing government ban.

Until recently, investment was overwhelmingly in labour-intensive manufacturing businesses, such as shoes and textiles. But increasingly Taiwanese companies are targeting China's domestic market, investing in service industries, distribution and retailing.

Gatt still at odds over entry for China

By Guy de Jonquières, Business Editor

Developing countries yesterday stepped up demands for China's early entry into the General Agreement on Tariffs and Trade. But the US and European Union insisted Beijing must make substantial concessions before it can join.

The divergent approaches emerged after four days of talks in Geneva, at which China reaffirmed its desire to be a founding member of the World Trade Organisation, due to succeed Gatt next year.

The strength of developing countries' calls for China's early admission surprised some delegates. The calls were supported by countries including Brazil, Egypt, India, Pakistan, Uruguay and Indonesia, speaking for the Association of South East Asian Nations.

However, the US and EU said they would not agree to China's entry on terms which diluted the impact of last year's Uruguay Round trade deal. Further progress in the talks would depend on how quickly Beijing proposed acceptable arrangements.

"The Chinese have got to deal and compromise, and there has been no sign yet that they are ready to," said one delegate from an industrialised country. The timing of China's Gatt entry would depend on attitudes in Washington and Brussels, he added.

The US is adamant Beijing must fully meet Gatt obligations on entry. The EU is prepared to allow China a transition period after it joins, though it suggested yesterday it might seek provisions to reopen negotiations on Beijing's accession agreement after it becomes a member.

Though this week's talks produced no breakthroughs, Gatt members appear to be edging towards agreement on a draft protocol for China's accession, based on a paper by Mr Pierre-Louis Girard, the Swiss economy minister who is chairing the talks. Gatt members have until July 13 to submit amendments. A revised version will be put to a meeting of the China membership working party on July 29.

Substantive negotiations with China are not expected before September.

Hong Kong reforms divide business

By Simon Holberton in Hong Kong

An extraordinary week for Hong Kong has left the colony's traditional power brokers, the business community, feeling isolated and a little angry.

Many were opposed to any change in the political structure which did not have China's blessing. They view the reforms voted for in the early hours of Thursday morning as opening the way for Hong Kong to be dominated by populist politicians over whom they have little control.

At an extended session of the Legislative Council (LegCo), lawmakers passed Governor Chris Patten's so-called democracy legislation. The law, which applies to elections due next year, broadened the franchise for 29 of LegCo's 60 seats. The remaining 31 seats will retain tight qualifications for voting, such as membership of a professional association or a company directorship.

Mr Patten said on Thursday he would like to try to build a bridge between business and the democratically elected politicians in Hong Kong. "We have got to try harder to get business to understand it would not be in Hong Kong's interest to sell out the Joint Declaration as a way of securing a quiet life." he said.

But the governor faces an uphill battle in convincing business folk that their interest best lies with local democrats rather than Beijing bureaucrats. For Mr David Chu, a property developer and China adviser, the governor's reforms represent "a rapid change from an élite-run society to the other extreme where political power has been put in the hands of the grass roots".

Mr Chu's views are typical of Hong Kong's business community which, under British colonial rule, has been used to making agreements with government without the irritation of public consultation. The attraction to many local businessmen of close relations with Beijing is that they think they can recreate this relationship with the future sovereign.

Mr Chu said he was concerned about the new "functional" constituencies which would be created as a result of the governor's bill. Mr Patten has been able to achieve electorates with an average size of 255,000 by splitting the workforce into nine broad groups along industry lines.

"I am quite concerned," he says. "And I can see it in my own firm. The floor sweeper, everybody, will be voting in my construction constituency. They will out-vote me, but they will not represent me. Indeed, my interests are likely to be misrepresented."

Mr William Fung, managing director of Li & Fung, a trading company, said *Mr Patten's* package was ridiculous when he announced it in October 1992 and LegCo's passage of it has not made it any less so. He said the 1995 elections would return members of LegCo who represented "narrow and parochial" interests. "We are not talking about democracy in the western sense, where the majority party becomes the government," he said. "LegCo should be a watchdog, a balance to a strong executive and as such it needs to be broadly representative."

Mr Simon Murray, group chief executive of Deutsche Bank Asia Pacific, also agrees that LegCo should be broadly based, but he thinks Mr Patten has got it right.

"Personally, I'm delighted with the LegCo vote," he said. "This is good for Hong Kong. If we don't have broadly based elections then we would have got a LegCo elected by small groups and beholden to them. All the deals would go to their backers."

Both Mr Fung and Mr Murray think there is a chance that China, when it resumes *sovereignty* in 1997, will not dismantle completely the reforms passed this week. "Whether they change everything depends on how it functions," says Mr Fung. "But they will change some things."

The British government yesterday rejected recommendations by an all-party parliamentary committee in London for an independent human-rights commission in Hong Kong, writes Our Foreign Staff.

The rejection was part of a reply to a report on Hong Kong by the foreign affairs committee, which prompted an angry reaction in Beijing because of its outspoken comments on Tibet and Taiwan. The British decision confirmed the view of Mr Chris Patten, Hong Kong governor, that existing legal arrangements, including a forthcoming Equal Opportunities Bill, are adequate to protect human rights.

The UK government also told the committee that it was deeply concerned about human rights abuses through China, including Tibet, but it did not think it would help the Tibetans for London to try opening discussions on the region's future.

"Any lasting solution can be found only through dialogue between the Chinese government and the Tibetans without preconditions," the report said, adding that London urged all parties to begin this process without delay.

Suspicious welcome for Brazil's new currency

By Angus Foster in São Paulo

Marcia sleeps on the streets of São Paulo and feeds herself and her six-month-old baby by begging. Yesterday, sitting in front of the shops along Avenida Brigadeiro, she had her best day ever.

"People keep giving me all their change. It's because of the new currency," she said, leafing though a wad of grimy bank notes.

She was happy but most Brazilians were confused. The new currency, the real, came into force yesterday to replace the inflation-plagued cruzeiro at a rate of 1 to 2,750. This awkward figure was chosen as it sets the real at parity with the US dollar, where the government hopes to keep it.

But for people queuing in banks to swap currencies, or doing their weekly shopping, pocket calculators were essential. Shopkeepers and restaurants were providing machines to customers having difficulty understanding the exchange rate, and there were complaints that some prices were too high in the new currency.

"They've converted to the real then added 50 per cent," said one elderly man as he left his usual lunchtime restaurant without eating.

Customers stood quietly in line at banks to cast off their dirty notes and receive crisp ones in return. There were nervous smiles as the new notes were inspected, then held up to the light.

New currencies, and their rapid demise, are common in Brazil.

The real is the fifth switch since 1986, all the others having been sullied by inflation, now running at 50 per cent a month.

The dollar link, and a better-planned price stabilisation programme, have prompted hopes that the real will last longer than its predecessors. Inflation is expected to fall to single figures by August.

Mr António Delfim Netto, an economic commentator and former planning minister, says inflation will stay low for about six months but he does not believe the real is the "strong" currency Brazil has been promised. "This currency is so 'strong' that ever since we announced its link to the US dollar, the dollar has been falling against the yen," he said sarcastically.

NEWS: EUROPE

Skandia to boycott Swedish state bonds

By Hugh Carnegy in Stockholm

Concern about Sweden's shaky public finances yesterday rose as Skandia, one of the country's top two insurance groups, said it had stopped buying government bonds in protest at the continuing rise in state debt.

The announcement by Mr Björn Wolrath, Skandia's chief executive, jolted Stockholm's financial markets, already in bearish mood. Five-year bond yields moved up sharply to almost 10 per cent, the Swedish krona fell against leading currencies and the Stockholm stock exchange fell 2 per cent.

"Skandia will not buy Swedish [state] bonds until such time as the politicians, in a credible way, begin to take seriously the accelerating state debt," Mr Wolrath said. "I really do not feel that I have a mandate from [Skandia's] owners to go in and buy Swedish bonds, considering the big risk that implies today."

Sweden has the fastest growing debt among Organisation for Economic Co-operation and Development member countries – fuelled by a budget deficit that reached 13 per cent of gross national product last year. State debt stood at SKr1,132bn (£95.9m), or about 80 per cent of GNP, at the end of 1993, and is still rising, despite a return to economic growth this year.

The Skandia group holds about SKr50bn in state bonds, about one third of those held by the insurance sector, which in turn held almost 12 per cent of state debt at the end of last year. Executives said Skandia would sell some of its portfolio.

Senior officials at the Finance Ministry said they did not expect any short-term problems for the government in meeting its financing needs as a result of Skandia's move. Two rival insurance groups, Trygg Hansa and Folksam, said they would continue to trade in government bonds.

But the Skandia boycott coincided with new figures showing foreign investors were net sellers of Swedish bonds to the tune of SKr10.6bn in May. Stockholm County Council also said it was withdrawing from the market.

Mr Carl Bildt, premier, quickly issued a statement which came close to endorsing Skandia's move. He sought to shift the onus on to the Social Democrats, whose loyalty to the huge welfare state has raised market fears that they will duck necessary cuts in the public sector.

Last night, Mr Goran Persson, the economic spokesman for the Social Democrats, called for a special session of parliament's finance committee to discuss the issue.

Curbs imposed on Bosporus traffic despite protests

Turks defy Russia on shipping

By John Murray Brown in Istanbul

Turkey was yesterday set on a possible collision course with Russia, after unilaterally imposing new shipping regulations for the Bosporus and Dardanelles.

Russia and other Black Sea states claim the rules are in breach of international treaties. Russia, Greece, Cyprus, Ukraine, Romania and Bulgaria have all publicly protested.

Under the new rules ships must forewarn Turkish port authorities of their cargo and vessels more than 150 metres long must seek permission to go through the straits that divide Europe and Asia.

The straits are a vital trade route for Russia and newly independent Black Sea states.

However, Turkey has mounted a diplomatic campaign to win international support for the measures on safety grounds. It fears the projected increase in tanker traffic, as central Asian oil finds come on stream, will be an environmental and navigational threat, a point underscored by a collision in March in which more than 20 people died.

Congestion is likely to increase after the opening of the Danube-Main canal system linking the Black Sea to the Baltic.

According to minutes from a meeting in May of the International Maritime Organisation, the London-based United Nations body that handles maritime disputes, Russia and other states argued that the Turkish proposals contravened the 1936 Montreux Convention, which guarantees unhindered passage for merchant vessels in peacetime.

The IMO said yesterday Turkey's regulations were national laws and had no international application.

Western diplomats are waiting to see if the Turks apply them to foreign-flagged vessels. Both Russia and Greece want Turkey to support international action within the IMO to deal with safety concerns. In May, the IMO's maritime safety committee recommended more modest changes, including introduction of traffic separation lanes and a requirement that ships over 200 metres long go through the straits during daylight. Both measures take effect in November.

Shipping experts say the long-term worry is that if left unchallenged, Turkey's action may set a legal precedent and provide Ankara with discretionary powers to impede shipping.

Greek officials confirm that in April a Greek-registered tanker, the Olympic Armour, was prevented from going through the straits because it was too long.

Turkey clearly also has a commercial motivation. It is keen to see western oil companies in central Asia use a proposed Turkish pipeline to the Mediterranean.

The new rules, if implemented, could result in costly delays in shipping oil through the straits, currently the main route for Russian and central Asian oil exports, and persuade oil concerns to look more favourably on Turkey's proposal.

Diplomats say the disagreement underscores wider differences with Russia over regional policy. Turkey is at loggerheads with Moscow on a range of issues from Russian peacekeepers in the Caucasus and central Asia, to Moscow's diplomatic role in former Yugoslavia.

But the danger is that Turkey, in pursuing commercial gains, is hampering efforts to deepen trade ties with the region under the auspices of the Black Sea Economic Co-operation (BSEC) organisation, in which Ankara has been the driving force. High-level discussions – including a Turkish-Russian meeting on Thursday at the BSEC foreign ministers' conference in the Georgian capital, Tbilisi – have provided no breakthrough.

West Germany's production falls

By Quentin Peel in Bonn

Industrial production in west Germany fell by a provisionally estimated 0.7 per cent in May, tempering hopes of a rapid economic recovery, and confirming expectations of a new slowdown in consumer spending.

The figure published by the federal statistics office coincided with a recalculation of April's industrial production growth, reducing the initial estimate of a 2.5 per cent increase to just 1.3 per cent.

The May figure was the first monthly drop this year, and the underlying trend remains clearly positive. However it follows a sharp fall in retail sales in April – down a real 6 per cent – as the combined effects of tax rises and wage restraint have squeezed disposable incomes.

The sharpest drop in output in May was for consumer goods, down 2.8 per cent, and capital goods, down 1.9 per cent. Overall manufacturing production was down 0.8 per cent.

Analysts described yesterday's figures as "slightly disappointing", but most doubt they will have any effect on the Bundesbank's monetary policy.

There was some suggestion yesterday that the markets might still speculate on a possible cut at the central bank council meeting next Thursday, because of the coincidence of the G7 meeting in Naples, and the confirmation of an apparent slowdown in the pace of recovery.

Moreover, the bank could be influenced by fears that the strengthening D-Mark might undermine the classic export-led recovery still under way.

Mr Hans Tietmeyer, the Bundesbank president, said this week that a "significant" move in interest rates at this time would not be "appropriate".

New German President Roman Herzog (left) takes the oath of office during his inauguration yesterday in Berlin's Reichstag building. He used his inaugural address to urge tolerance and greater civil courage in the population to resist violence against foreigners, and defend their democratic tradition. AP

D'Alema chosen to lead Italy's ex-communists

By Robert Graham in Rome

Italy's former communist Party of the Democratic Left (PDS) yesterday elected Mr Massimo D'Alema, to succeed Mr Achille Occhetto as leader.

Mr D'Alema has been the party's number two and heir apparent. But Mr Occhetto himself and a large section of the grass-roots in the PDS favoured Mr Walter Veltroni, his rival, who edits L'Unita, the party daily.

The PDS is the largest parliamentary party. It is the acknowledged leader and organisational force for the five main groupings that form the left-wing opposition.

But Mr D'Alema now faces a difficult task in rejuvenating the party and making it appeal to a broader section of the electorate. He is highly regarded as an astute political operator and a good diplomat. However, his detractors regard him as formed too much in the old school of the Italian Communist party (PCI) with its doctrinaire approach to issues and blind faith in organisation.

Mr D'Alema began his political life in the PCI's youth wing in 1963, working his way up through editorship of L'Unita. Although he was the recognised heir, it was only this week that Mr Occhetto revealed the full extent of his disagreement with Mr D'Alema.

In yesterday's meeting of the party's national council, the balance narrowly swung in favour of Mr D'Alema. However, grass-roots members clearly saw Mr Veltroni, with his boyish charm and open admiration for the American way of life, as more presentable and "modern" – the Italian version of US President Bill Clinton, or Mr Tony Blair, aspiring to Britain's Labour party leadership.

The election of Mr D'Alema does not solve the broader issue of who leads the left. Critics such as Mr Massimo Cacciari, the influential mayor of Venice, argue that the left must be led by someone not directly linked to the PDS. The PDS, Mr Cacciari claims, remains to wedded to the old communist structure, and as such is an electoral liability.

Airbus to rethink test flights after fatal A330 crash

By Paul Betts, Aerospace Correspondent

The European Airbus consortium is expected to decide in two weeks when to pursue flight tests on the A330 airliner powered with US Pratt & Whitney engines, following Thursday's crash at Toulouse in which seven crew died.

The new compulsory tests for the aircraft's all-weather landing capability will be conducted at less extreme conditions to see if the consortium needs to modify the aircraft's autopilot system, being tested at the time of the accident.

Airbus said yesterday there appeared to be no need to modify the system at this stage. The accident occurred under conditions not normally experienced during routine commercial airline service.

The flight was part of the certification requirements for all-weather landings of the A330 powered with US Pratt & Whitney PW4168 engines. The same tests had been successfully carried out with the US General Electric CF6-80E-powered A330, which is already in service with Air Inter, the French carrier, and Aer Lingus of the Irish republic.

Airbus said the crew performed planned manoeuvres immediately after take-off on Thursday: capture of an exceptionally high angle of climb of 28 degrees to fly at a deliberately low speed (by comparison a commercial airliner is normally limited to an angle of 18 degrees); engagement of the autopilot; simulation of an engine failure (in this case the left engine) by bringing it to idle, and cutting off the related hydraulic circuit.

The combination of the simulated engine failure and the high angle of climb induced a loss of lateral control at 400 metres. "This altitude did not allow the crew, which regained control of the plane, to avoid impact with the ground," said Mr Jean Pierson, the Airbus chief executive.

The commercial implications of the crash are difficult to evaluate. It was the first time an Airbus has crashed during tests. Mr Pierson yesterday noted that sales of the narrow-body, twin-engine A320 airliners had doubled since an A320 crash in 1988.

In the last 20 years, 10 Airbus airliners have crashed, but Airbus's safety record is better than the industry average, which since 1979 has been one passenger death for every million take-offs. In Airbus' case, the average has been 0.73 deaths.

However, Airbus has had a particularly bad run of accidents this year, including the crash of a China Airlines A300-600 at Nagoya airport in Japan and of an Aeroflot A310 in Siberia.

Romania vote fails

Romania's left-wing minority government has survived its fifth no confidence motion since taking office in November 1992, writes Virginia Marsh from Bucharest.

The opposition brought the motion on grounds that the government's economic policies had failed, it had violated the constitution and many of its members were corrupt. Opinion polls show that 74 per cent of the public do not think it is doing a good job. The opposition has also begun moves to impeach President Ion Iliescu. Parliament is due to debate the issue next week.

Claes may face court

Mr Willy Claes, Belgian foreign minister, could be summoned to the high court to answer questions in the Inusop affair, involving the alleged secret funding of political parties, writes Emma Tucker from Brussels.

Mr Charles Nothomb, speaker of the parliament, said a committee of deputies would decide whether the Inusop evidence was serious enough to merit lifting Mr Claes' parliamentary immunity. Mr Philippe Moureaux, a former socialist minister, and Mr Guy Coemé, former deputy premier, may also face questioning.

PM rules the airwaves

How Berlusconi won control of broadcasting, by Robert Graham

The Berlusconi government has achieved its objective in the battle to control the future of the RAI, Italy's broadcasting organisation, at the expense of a bruising battle with President Oscar Luigi Scalfaro.

Yesterday the Official Gazette published a decree on the RAI, rewritten to accommodate the reservations of Mr Scalfaro. The president had refused for 24 hours to sign the original decree because it gave the government the direct power both to reject the RAI's accounts and to fire the board.

Now the power of appointing the board has been placed back with the speakers of the two houses. It so happens that the speakers both represent the right-wing government coalition. However, Mr Scalfaro insisted to the limits of his weak constitutional authority that the power be formally in the hands of parliament rather than directly with the government. He has achieved a moral victory but he has not endeared himself to Mr Berlusconi and co-operation, already previously strained, will in future be difficult.

The net effect of the rewritten decree is the same as its original. Mr Silvio Berlusconi, the media magnate turned prime minister, can now exercise control over the RAI. He also continues to be the owner of the Fininvest empire, which controls over 80 per cent of commercial television.

No one disputes the need to reform the RAI, which operates three television channels and a network of radio stations. It was constructed to accommodate the old system of political parties, with the Christian Democrats controlling the first channel, the Socialists the second and the former communist PDS the third. The RAI was also on the point of bankruptcy, with losses in 1993 of over L500bn (£205m).

However, the affair has been badly handled. Mr Berlusconi and his ministers say the RAI was biased against them. This was true during the election campaign; it acted as a counterweight to the huge propaganda effort of the three Berlusconi channels. But lately the news programmes on RAI have become almost servile in support of Mr Berlusconi.

Only Channel Three is still openly critical and last Sunday earned itself further opprobrium by screening a film in which Mr Berlusconi's current wife, Veronica Lario, plays a part in a lesbian love affair. Meanwhile, Fininvest channels remain firmly behind the government, with Network Four's presenter Emilio Fede a self-confessed apologist.

It thus looks as though Mr Berlusconi has yielded to the temptation of many a government to control the media. But in this case the issue is broader because of the potential conflict of interest with his ownership of Fininvest.

The problem is further complicated with the financial position of the RAI. If its funding is now pruned, as promised, it will have reduced scope to operate. Fininvest stands to benefit from this since it has been competing on exactly the same terms as the state channels in both programmes and salaries. If the RAI spends less, so will Fininvest, which is also strapped for cash.

The government also needs to decide whether the RAI moves to enter the multi-media era, on which considerable investments have been spent and good technology acquired. It also has to decide if the RAI can operate pay-TV. In either case, the removal of the RAI from these areas of business leaves the field free for competition, which can only benefit Fininvest.

Nationwide reports 0.7% fall in house prices

By Andrew Taylor,
Construction Correspondent

House prices dipped again last month providing further evidence of a sharp slowdown in the pace of the housing market recovery.

According to Nationwide building society the average price of a home fell 0.7 per cent to £54,221 in June compared with the previous month. The society had reported price rises in every month since February.

In sharp contrast Halifax, the country's biggest mortgage lender, had reported price falls in April and May, including a 1.6 per cent fall in May – the biggest monthly fall announced by the society since the corresponding month last year.

The latest decline reported by Nationwide reduces the *annual rate of price increases* recorded by the society to 1 per cent, compared with 3.3 per cent in May.

Halifax is expected to show a similar annual increase of 1 per cent when it publishes its house price index on Monday. It is likely to show a small month-on-month increase in June, of less than 1 per cent.

Both societies have reduced their forecasts for price increases this year from about 5 per cent to about 2 per cent or 3 per cent, reflecting recent concern that the pace of recovery has slowed. The slide has been blamed in part on tax rises and increases in the cost of fixed-rate mortgages.

Mr Brian Davis, Nationwide's operations manager, said yesterday: "Market confidence remains fragile, reflecting the moderate pace of economic recovery and persisting concerns about employment. The initial impact of recent tax increases and a rise in fixed mortgage rates may also have been factors temporarily slowing the market's recovery."

Figures published this week by the British Bankers Association showed that banks approved 10 per cent fewer mortgages in May than in the corresponding month last year.

Net new lending by building societies in May was also lower, at £806m – 17 per cent down from the £974m lent in April and 10 per cent lower than in the corresponding month last year.

Nationwide said yesterday that the picture remained mixed and "reports from our estate agents show that whilst activity levels during the spring have been disappointing in some areas, other localities are seeing more buoyant demand".

More than half of the 143 estate agents questioned in a recent survey by the Royal Institution of Chartered Surveyors said that sales in the three months to the end of May had "either flattened out or declined" compared with the previous three months.

Housebuilders have also reported lower sales activity since the spring.

Builders say weekly sales are little higher than in the corresponding period last year. Earlier this year industry sales were 10 per cent to 15 per cent higher than at the same stage last year.

Experiences differ between sectors of the market and between regions. According to estate agents, purchases at the top and bottom of the market appear to be holding up best.

Patten lightens testing workload

By John Willman,
Public Policy Editor

Mr John Patten, education secretary, yesterday announced a package of measures to bring an end to the teachers' boycott of compulsory testing in schools in England and Wales.

From next year teachers will not be required to mark the tests for children aged 11 and 14. The marking will be contracted out to "agencies of proven competence" employing external markers.

Temporary supply staff will be provided in primary schools to give class teachers time to carry out the compulsory tests of 7-year-olds. External audit of teachers' assessments for these tests is to be abolished, reducing the onerous record-keeping involved.

The measures are designed to lighten the workload involved in testing, an important factor behind the teachers' boycott. They follow the radical streamlining of the national curriculum and testing programme recommended by Sir Ron Dearing, the government's curriculum adviser.

Mr Patten said yesterday that Sir Ron's reforms had already halved the time taken by testing.

He said: "The arrangements for external marking and supply cover will now remove any vestige of a case on workload grounds for not carrying out the tests in 1995."

Mr Patten's announcement carried a veiled threat of reprisals against schools that failed to carry out the tests in future. He implied that they might be subject to more frequent or searching inspection without the hard information provided by test results.

The National Union of Teachers, the largest teaching union, said the boycott would continue. Mr Doug McAvoy, NUT general secretary, said external marking would mean teachers still had to assess pupils and operate the tests, which disrupted classroom lessons.

He added: "Mr Patten is throwing tens of millions at educationally flawed policies rather than sitting down with the teachers and working out a system which has the profession's support."

The other teaching unions welcomed the announcement.

Mrs Ann Taylor, shadow education secretary, said it amounted to "an admission of failure". She added: "The Tories have wasted almost £750m with futile experiments on our children's education."

The campaign for civvy street

Bruce Clark on how military skills can be an asset for businesses

Seven years ago Captain Carl Hunter and Sergeant Philip Price of the Royal Green Jackets worked together on incorporating the Warrior armoured vehicle into the battle plans of the British army.

These days, in a picture-book village in Sussex, they are engaged in a different sort of collaboration, devising strategies for a business founded by Mr Hunter in 1990, now selling nearly £3m of high-technology gadgets each year, 80 per cent of them abroad.

Their small companies – *Lidbury*, Wylam Hill, and Wylam Hill Security – are a striking, if far-from-typical, instance of what ex-servicemen can do when they hang up their uniforms.

It is also the sort of thing the defence ministry holds up as an example when it counsels the 30,000 who leave the armed services every year, and tries to persuade business that military skills are applicable to the world of commerce.

Until recently the number of leavers had been projected to fall to about 25,000 a year from 1995, but if – as is widely expected – this month's conclusion of the defence costs study calls for a further reduction of about 14,000 in the size of the armed forces – the current flow will be maintained.

The armed forces are already a high-turnover business, and some paths from the forces to civvy street are well trodden – from military to civilian flying, or from prestigious guards regiments to prestigious jobs in the City.

But as memories of national service fade civilian businessmen can be downright sceptical of the relevance of the armed forces – with their arcane jargon and exclusive ethos – to their own world.

Hence the importance of a business such as Lidbury, which is based almost entirely on skills and relationships built up in the services.

Many of its products – devices for fire control, marine safety and military or commercial security – were developed by Mr Hunter's father Eric, whose 20 years as a naval submariner gave him a fascination with sonar technology.

Mr Price is technical sales director of the business. Mr Marcus McCaffrey, a fellow Green Jacket officer, is projects manager, responsible for developing new products, and Mr Richard Lyle, formerly of the Welsh Guards, is export director.

One product – a device for picking up the sound of human movement at a distance – was thought up by Mr Price. Working in reconnaissance, he realised that most of his equipment was meant to enhance vision rather than hearing.

Mr Hunter and his team, who work from a modest old building, have strong ideas about the relevance of the service ethos to civilian business.

The military world, they point out, puts a high premium on effective internal communication. Lives can depend on the ability to impart, exchange and distribute information with maximum efficiency.

The army also cultivates rigorous planning, with precise formulation of targets and – more than most business schools – a careful evaluation of "downside" scenarios, given that the battlefield is a more unpredictable place than the boardroom.

As Mr Hunter puts it: "Every plan is a good one until you meet the enemy."

For the past two years the Ministry of Defence has been running a vigorous public relations campaign – Access to Excellence – to persuade employers that the forces are the "best trained workforce in Britain".

It is stressing that one-third of an average service career is spent in training, that entry requirements are rigorous, that promotion depends on qualifications and performance, and that there is continuous "culling" of weaker servicemen.

As evidence of the campaign's success the defence ministry says 85 per cent of departing servicemen have found work within a year – 50 per cent have fixed up a job before they leave.

In presentations to employers and chambers of commerce the ministry has tried to find ways of making service qualifications comprehensible to civilians. An infantry sergeant, for example, is described as a man who is used to overseeing 30 men and maintaining £1m of equipment.

Up to 4,000 of the servicemen affected by the forthcoming redundancies are likely to be air force engineers, doing jobs that will be farmed out to the private sector. Many can expect to be re-employed – in large businesses or the small ones they themselves set up – doing almost the same thing as they were doing before.

Mr Hunter and his friends think that many ex-servicemen go too far in playing down their military background and trying to adapt their language and presentation to the civilian world.

He said: "If you have been in command of something, you should use the word command and not manage. You don't want to make yourself sound as though you've been running a supermarket."

On the other hand many a civilian business-school graduate would be sceptical of the idea that he or she had anything to learn from a product of Sandhurst – at least until encountering the real thing.

The past three decades have probably seen a thickening of the cultural barriers between the armed forces and the business world. The continuing flow of skilled personnel from the barracks to the workshop, the laboratory and the boardroom could help break them down again.

Colin Beere

Kit inspection: (from left) Richard Lyle, Philip Price, Carl Hunter and Marcus McCaffrey with one of the products their company sells, a microwave motion detector for military or security use

MPs of all parties yesterday called for more sensitive handling of the problems of former members of the armed forces, Ivor Owen writes.

Mr Andrew MacKinlay, Labour MP for Thurrock, said when opening a Commons debate on the issue that the UK was one of the few allied nations that had not appointed a minister charged with promoting the interests of ex-service personnel.

The minister's role should be to cut through red tape to ensure that those who had served in the armed forces speedily secured their benefits and other entitlements.

Mr MacKinlay said that a sub-department of ex-service affairs would be better equipped to co-operate with the British Legion and other organisations acting on behalf of those who had served in the forces.

Mr Donald Anderson, from the Labour front bench, said his party was considering the setting-up of a unit in the Ministry of Defence to look after the needs of ex-servicemen and women.

Mr Jonathan Aitken, minister for defence procurement, agreed to look for improvements in administrative arrangements but said argued against the creation of a special sub-department which, he said, would "cut across existing lines of communication" including those between MPs and ministers.

Societies hope for more home loans freedom

By Alison Smith

Greater freedom for building societies in how they fund their mortgage lending business has been signalled by the issue of draft guidance on securitisation.

The provisional guidance from the Building Societies Commission, the sector's statutory regulator, does not advocate the financing technique, but by setting a framework for how it could be done it should remove the constraints caused by regulatory uncertainty.

It sees securitisation as particularly relevant for large societies which want a new way of accessing wholesale funds. This might arise where a society had almost reached the 40 per cent ceiling on the amount it could raise on the wholesale markets, or where its ability to win mortgage business outstripped its ability to attract retail savings.

The technique allows mortgage lenders to take loans off their balance sheet, so removing the risk of default, and freeing up capital.

The assets are placed in a special-purpose vehicle which raises money by selling the debt securities to investors. Interest on these "mortgage-backed" securities is funded by the loan repayments.

The system has been widely used in the US for more than 10 years but only relatively recently in the UK.

The guidance brings greater flexibility to the commission's attitude to the treatment of the membership rights of borrowers whose mortgages are securitised, in a way that could make this more attractive to a society's board.

But it also emphasises the need for societies to be clear and fair in how they explain any such moves to those borrowers whose mortgages would be affected.

Leeds Permanent, the UK's fifth largest society, has led interest in securitisation in the sector. Nationwide and Skipton have also carried out work on the funding technique.

The draft guidance reflects other recent developments by addressing the increasing interest from societies in buying mortgage books from other lenders. It says that any society planning to make a significant purchase should consult the commission first.

The guidance for societies on securitisation is now closer to that issued by the Bank of England.

Both Barclays Bank and National Westminster Bank have securitised mortgages and loans in the past year or so.

In February Abbey National acquired the capability to securitise future mortgages when it bought the £900m UK residential mortgage book of the Canadian Imperial Bank of Commerce.

KPMG to invite outside directors

By Andrew Jack

KPMG Peat Marwick, the UK's second-largest accountancy firm, is poised to appoint non-executive directors to its governing board as part of a restructuring.

Mr Colin Sharman, senior partner, plans to add a number of non-accountants with outside experience – including senior business executives to help advise the firm – over the next few months.

The plan emerged as the senior partners met yesterday to debate whether to incorporate the firm in some form. The 25 "general partners" discussed possible re-organisation models that might help limit their liability in the event of litigation.

The plans could be implemented by the beginning of October, the start of KPMG's new financial year.

Some of its competitor firms have expressed doubts whether incorporation would be either cheaper or protect partners' assets.

KPMG may ultimately consider restructuring the existing dozen individual partnerships that comprise the UK firm and modifying the status of the general partners who receive profits from across all the individual practices.

It also emerged yesterday that KPMG's affiliate in the Netherlands is considering changing its structure from partnership to a corporate entity, while the US firm is preparing to register as a limited partnership in Delaware in an effort to provide partial protection to the personal assets of its partners.

Brooke's proposals for BBC expected

The long-delayed white paper on the future of the BBC is expected to be published next week, probably on Thursday, as the National Heritage Department mounts what appears to be an enormous effort to clear the decks before next month's summer recess, Raymond Snoddy writes.

The BBC white paper is likely to be followed by the equally long-awaited decision on the future of Channel 5, and possibly by the even more delayed white paper on the press and privacy, although this is viewed more as a hope than an expectation.

The attempt to get three important pieces of work out of the department in the next three weeks is being seen as a further indication that Mr Peter Brooke, national heritage secretary, is likely to go in the summer ministerial reshuffle.

Few surprises are expected in the BBC proposals, with the corporation probably surviving intact as an institution funded by a universal licence fee. The only uncertainty is over ownership of the BBC transmitter system but the introduction of an element of private investment is more likely than outright privatisation.

The Independent Television Commission has been waiting since February to hear whether the necessary frequencies will be available for Channel 5.

Tenders sought for lottery TV shows

Camelot, the consortium that will launch the National Lottery in November, is planning to ask independent producers to make the main lottery television programmes, including the multi-million pound draw on national television on Saturday nights.

The tender is likely to be one of the most high-profile series of programmes available to independent producers for many years.

Camelot, whose investors range from Cadbury Schweppes to De la Rue and Racal, is close to finalising a deal with the BBC for two programmes a week – one on Saturday evenings and the other mid-week.

Smokers win legal aid action

A group of smokers who claim they were harmed because five tobacco companies allegedly failed to warn them of the dangers of smoking yesterday won a battle in their fight to obtain legal aid.

Mr Justice Popplewell in the High Court quashed a decision by the Northern Area Legal Aid Committee which refused to give the go-ahead to 28 test-case actions. These related to 227 claims potentially worth more than £20m.

The claimants have accused Gallaher, Rothmans, Imperial Tobacco, Philip Morris and British-American Tobacco of failing to minimise the dangers of smoking or give adequate warning of the risks.

The judge said there had been a misunderstanding leading to the committee not hearing argument on behalf of individual applicants and remitted the matter to be heard by a fresh committee.

British Coal to sell largest subsidiary

British Coal is to offer Coal Products, its largest business subsidiary, for sale.

The Chesterfield-based company is the UK's largest manufacturer of solid smokeless fuels and foundry coke. Its annual turnover of £130m makes it larger than some of the regional mining businesses into which British Coal will be divided for privatisation.

Coal Products has four plants and employs about 550 people. Last year's profits of £12m before tax were three times the previous year's.

British Coal said it had received more than a dozen expressions of interest from potential buyers, including a management buy-out proposal.

Two Tory MPs to stand down

Two Conservative MPs, Sir Hector Monro, Scottish agriculture minister, and Sir Keith Speed, former Navy minister, announced last night that they will stand down at the next general election.

Sir Hector, 71, MP for Dumfries, has been in parliament since 1964. He had a majority of 6,415 in 1992, making it the only safe Tory seat in Scotland. Sir Keith, 60, an MP since 1968, sits for Ashford, Kent.

By-election victor says Monklands needs time to heal

By James Buxton

Mrs Helen Liddell, the Labour victor of the Monklands East by-election, yesterday said there should be a period of healing to repair the wounds inflicted by the bruising campaign.

But she also accused the Scottish National party, which narrowly failed to win the seat, of stirring up religious tensions in the constituency. She said it had been "despicable" for canvassers to appeal to Protestants by reminding them that she was a Catholic.

Mrs Liddell won the seat with a majority of 1,640 over the SNP. That compared with the late John Smith's majority of 15,712. About 95 per cent of those voting in Thursday's poll voted for either Labour or the SNP, with the Liberal Democrats and the Conservatives in third and fourth place, each taking less than 900 votes and losing their deposits. The turnout was 70 per cent.

Mr Alex Salmond, the SNP leader, rejected Mrs Liddell's accusations, saying the party had played "neither the green card nor the orange card, but the Scottish card". He said the surge in support for the SNP was continuing from the regional and European elections.

The main issue in the campaign was alleged discrimination by Labour-run Monklands district council against largely Protestant Airdrie, at the centre of the constituency, in favour of mainly Catholic Coatbridge.

Mr George Robertson, shadow Scottish secretary, said the government should use its powers to hold an inquiry into the actions of the council. Mr Ian Lang, the secretary of state for Scotland, said he could not order an inquiry without evidence.

Contest revealed Labour's dark side

James Buxton and **James Blitz** on a result that tells us a lot about the parties in Scotland and the politics of sectarianism

Labour's narrow victory in the Monklands East by-election was the party's first stumble after its recent succession of excellent poll results.

Labour may have powered ahead in the local and European elections and a string of by-elections. But in Monklands East it came within 1,640 votes of losing one of its safest Scottish seats – poignantly, one that had been held by its former leader, John Smith.

The bitter contest revealed the darker side of Labour's municipal politics in Scotland. It also produced infighting between neighbouring Labour MPs which, coming just before polling day, could have had a catastrophic effect.

The campaign brought to the surface in a disturbing way the latent divide between Protestants and Catholics in the west of Scotland.

The Scottish National party said yesterday that the recent surge in its vote – which brought it success in the regional elections in Scotland and gained it a second seat in the European parliament – was still running strongly, even though the party fell short of overtaking Labour.

But Mr George Robertson, shadow Scottish secretary, insisted that Monklands East had been an "atypical by-election" because it was dominated by one issue: Monklandsgate – the allegation that Labour-run Monklands District Council *discriminates against the Protestant town of Airdrie*, which is at the centre of Monklands East constituency, in favour of the neighbouring Catholic town of Coatbridge.

At the same time, the attempt by Mr Tom Clarke, the Labour MP for Monklands West, to deny the allegations appears to have backfired, raising questions about his long-term future in the shadow cabinet, where his portfolio is overseas development.

Mrs Helen Liddell, the new Labour MP, has pledged to sort out the long-standing problem in her new constituency.

But the unusual and bitter circumstances at Monklands do not hide the fact that the SNP may yet pose a bigger threat to Labour. Some Labour officials are concerned by this. They fear that the Scottish party organisation is weaker than in other parts of the country, *and that it has* become too complacent following the decline in the Scots Tory vote.

But Mr John Curtice of Strathclyde University says Labour has cause to be reasonably pleased with the Monklands result. *Its* share of the vote fell by 11 per cent – not far out of line with its performance in other by-elections where it was the sitting party.

He said: "Labour is not making the progress in Scotland it is achieving south of the border. But its vote did not fall nearly as much as it might have done. And now that Mrs Liddell has the backing of George Robertson over the Monklandsgate issue it should be possible to improve the situation with the council before the next general election."

The SNP is likely to be disappointed with its performance. Before the by-election it said that on the basis of its strong performance in the regional elections it had secured 42.3 per cent of the vote in the constituency, compared with Labour's 50.1 per cent. It therefore had only an 8 per cent gap to make up.

On polling day it gained 45 per cent of the vote against *Labour's 49.75 per cent. As* Mr Stephen Gallagher, the Liberal Democrat candidate – who lost his deposit – pointed out yesterday, the SNP was shooting at a barn door because of Monklandsgate, but failed to hit it.

There are indications, too, that the SNP took much of its vote not from Labour but from the Conservatives, whose candidate Mrs Susan Bell won only 799 votes, giving her the lowest share of the vote (2.3 per cent) of any Tory by-election candidate in Britain since the war. The by-election reinforces the immense difficulty the party faces in winning parliamentary seats from Labour in west/central Scotland.

Labour's vote is too tightly concentrated in its key seats while the SNP's is well distributed across Scotland.

At the same time Labour's strong performance in UK opinion polls – if it is maintained – can only undermine the SNP's attraction to voters.

The prospect of a Labour victory will undermine the SNP's argument that Scotland has too little power at Westminster. One Labour politician said yesterday: "What we can offer the Scottish people at the next election is a chance to change that outlook at Westminster."

The sectarian issue has resurfaced – but will not necessarily spread because of the dangers to all parties of playing that card. The more the SNP appeared to align itself with the Protestants in Monklands East, the more it alienated the Catholics in the constituency and elsewhere in the west of Scotland.

The party which most obviously played the Orange card was the Tory party – and it came fourth.

NEWS: UK

■ Horton wants to tell staff 'real story' ■ Knapp says move is futile ■ RMT may step up strike

Railtrack tries to cut out union

By Robert Taylor, Labour Correspondent

Railtrack yesterday launched a "hearts and minds" campaign designed to bypass the RMT rail union and appeal directly to its signalling staff to accept the company's restructuring deal.

But the company refused to give details of how it intends to compensate about a quarter of the signalling staff who face a £100-a-week pay cut.

Relief signalmen stand to suffer a fall in their gross earnings to £382.78 a week from £489.51 after the productivity agreement comes into force. Staff working night shifts would have smaller cuts in earnings.

Railtrack said those affected would receive lump-sum compensation payments to ensure no loss was suffered over the next 18 months.

But details of those payments – which could be about £8,000 – have not been given to the RMT or the individuals. Mr Bob Horton, the company's chairman, said yesterday this was a "non-issue that will work itself out".

Railtrack said its campaign aimed to tell "the real story about the package on offer to every member of staff" and "expose the misinformation that has been circulated by the RMT".

Railtrack added: "With the real information in their hands staff will pressurise the RMT to come back to the negotiating table so the package can be implemented." Telephone hotlines have been set up and letters sent to all signal staff.

Mr Horton said: "I hope our work over the next few days and weeks will enable signalmen to say to their union 'Take another look at what is on offer, come back to the negotiating table and resolve this matter once and for all'."

He said signalmen and their families were ringing the company to ask how the dispute could be ended. He suggested that there had been a "little trickle back" to work but refused to say how many signalling staff had defied the strike calls.

Mr Jimmy Knapp, general secretary of the RMT main rail union, described the Railtrack campaign as an "exercise in futility".

He said: "They should not be wasting their time trying to sell the unsaleable to individuals. The signalling staff are very solid in the strike and they are determined to get a just settlement for the contribution they have made over the past seven years."

The union executive will meet on Monday afternoon to decide whether to increase the action that has severely disrupted rail services for the past three Wednesdays. A further 24-hour stoppage is set for next Wednesday.

Railtrack said many signalling staff could expect "substantial" increases in earnings between now and October 1 through the first two parts of the three-stage deal, with an additional 2.5 per cent as the annual pay rise.

Once RMT agreed to the whole productivity package further rises would be triggered. Railtrack estimates that those on early shifts would see an average rise to £372.47 from £306.08 for a 50-hour week and those on late shifts to £420.39 from £380.13 for a 56-hour week.

Lydia van der Meer

Robert Horton (centre) launches the "hearts and minds" campaign yesterday with John Edmonds, chief executive (left) and David Armstrong, human resources director

Nadir fails to lift court order

Mr Asil Nadir, the fugitive former head of Polly Peck International, has failed in an attempt to lift the bankruptcy order in place on him in the UK, Andrew Jack writes.

The High Court yesterday extended the order indefinitely. It could otherwise have expired after three years.

There has been concern that pressure would be applied to allow the order to lapse after the initial period.

Mr Neil Cooper, of accountants Robson Rhodes, said that to apply for the order to be lifted Mr Nadir would have to demonstrate that he had co-operated with his court-appointed trustee in bankruptcy.

This is unlikely given that Mr Nadir failed to co-operate on a number of occasions and fled last year to his native northern Cyprus.

Dockers lose redundancy case

Twenty-six workers sacked from Goole docks on Humberside after industrial action lost a four-year battle for redundancy money yesterday.

Three Court of Appeal judges dismissed by a majority an appeal aimed at reinstating the workers' entitlement to compensation from the Limb group, their former employer.

The 26 were dismissed in April 1990 after an overtime ban in protest at a new bonus scheme and said that their sackings were a "set-up" to avoid paying redundancy.

The company, which had been taken over by the EIC Group, then decided not to re-engage its own direct labour force.

Lord Justice Dillon, giving yesterday's majority decision, said that the industrial action in support of the bonus generated both the dismissal and the decision to use contract labour.

Heckler and Koch to shed 180 jobs

The Heckler and Koch (UK) small arms plant in Nottingham, part of Royal Ordnance, is to shed 188 jobs – half its workforce – by the end of September.

The company said the reductions were "unfortunately necessary" because of the end of the SA80 assault rifle contract for the British armed forces.

Swans to be told of CMN demands

By Chris Tighe and David Buchan

Union leaders at Swan Hunter, the Tyneside shipbuilder which is in receivership, will on Tuesday put to the yard's remaining employees changes in their terms and conditions that would be required by the only potential bidder for the company.

French-based Constructions Mecaniques de Normandie has been negotiating with receivers Price Waterhouse over the severance pay obligations CMN would have under existing company agreements if it had to declare redundancies after taking on the yard.

A deal will be put to a mass meeting in Wallsend of Swan Hunter's 680 remaining workers and the 238 laid off.

Mr Fred Henderson, leader of CMN's bid team for Swan Hunter, said yesterday that if workforce agreement were not forthcoming this could affect the price CMN offered the receiver for Swans and lessen the offer's attractiveness, relative to piecemeal sale of the company's assets.

It is understood that the compromise proposal involves a possible waiving of severance entitlements after spring 1995.

Mr Henderson said CMN intended to have a core workforce of about 1,000 at Swans. But some of those outfitting the yard's last frigate might not become core workforce members once that order was finished later this year.

Yesterday Mr Iskandar Safa, whose Paris-based company Soffia bought CMN in 1992, said prospective markets for Swan Hunter, under his ownership, were the United Arab Emirates and Kuwait in the Gulf, Brunei and Indonesia in south-east Asia, and South Africa. He said the Bedivere refit was necessary to give time to secure other orders.

Mr Safa said he had received from the Ministry of Defence "all the verbal assurances we need" that it would give Swans, under his ownership, the same level of back-up in chasing export orders as it gave any other British company. He would not go ahead with the Swans deal with a "handicap on the political side".

MPs fly in the face of CrossRail support

Ministers must decide quickly on resurrecting the scheme after the construction bill was blocked, say **Kevin Brown** and **Charles Batchelor**

Five years of detailed preparations; £110m of public money and hundreds of hours of costly campaigning by the business community have come to nothing.

CrossRail, the £2bn underground railway line intended to link east and west London, was struck a mortal blow in May when four MPs on a quasi-judicial private bill committee voted 3-1 to block a private bill authorising construction.

This week's confirmation that at least two of the MPs will not change their minds means that the bill is dead, in spite of a Commons motion signed by 279 MPs urging the committee to reconsider.

Supporters will see the bill's demise as yet another example of the failure of the planning process to deliver the goods. Its critics will welcome the failure of a plan which they saw as over-ambitious, over-engineered and overtaken by the swings of the economic cycle.

CrossRail emerged from a far-reaching review of London's public-transport requirements carried out in 1989 – the peak of the boom. The project involved the construction of a six-mile-long tunnel large enough to take British Rail trains underneath the capital.

This would have provided a through service between Aylesbury and Reading to the west of London and Shenfield to the east. The five stations on the new underground section would have provided links with other underground lines.

Like the RER network linking the centre of Paris with the suburbs, CrossRail would have provided rapid journey times with fewer stops than the Tube. It would have avoided the need to change from suburban trains to the Tube and might have persuaded car-driving commuters to switch to rail.

But the detailed forecasts of passenger demand were overtaken by the recession. By the time CrossRail came up for scrutiny in parliament the committee concluded that the extra capacity, thought to be necessary by 2001, would not be needed until 2010.

The prospects of raising enough private-sector finance had also faded with the decline in the number of passengers. CrossRail's financial advisers calculated that private money could meet half the costs, but one transport consultancy estimates it would be no more than 25 per cent.

But why have four MPs been allowed to scupper the project? After all, supporters say, it has the backing of both Mr John MacGregor, transport secretary, and Mr Frank Dobson, his Labour shadow, and it is seen as crucial by its sponsors, British Rail, London Underground and Railtrack, the infrastructure company.

The private-bill procedure was used to allow property owners on or near the route to challenge the need for the line, and to question its economic viability. The MPs on the committee were legally required to consider the bill on its merits, and to ignore party-political pressures.

The committee has been criticised for refusing to go along with the wishes of the government and opposition. But members say that the scheme does not make economic sense.

Mr John Marek, a Labour member, said that the benefits were estimated at between 0.7 and 1.5 times the cost. He added: "If the money was spent almost anywhere else on the London Underground system – which is in a terrible state – the ratios would have been 5, 12 or even 20."

There were two other main objections:

● The government refused to say how much it would contribute to the project, and the committee feared that approval would lead to a long period of blight along the route.

● The line was not properly integrated into the capital's transport network. There was strong evidence that it would largely duplicate the Central line, which is being upgraded at a cost of £800m.

Even more seriously, CrossRail had been planned before a final decision was taken to site the London terminus of the Channel tunnel rail link at St Pancras, north London, and before the building of the Heathrow Express rail link from Paddington, west London.

The committee was advised that the only way to force the government to consider adding interchanges with these two projects, which would add more than £100m to the cost, was to block the bill.

Ministers are relaxed about the bill, mainly because they believe that BR privatisation and the extension of London Underground's Jubilee Line will squeeze the available private capital for transport projects until at least 1998-99.

But they have to decide quickly whether to let the project drop, or promote it through one of the two alternatives to the private bill procedure.

One is the 1992 Transport and Works Act, under which Mr MacGregor could lay an order for the project in parliament. But public inquiries could delay construction for 10 years.

The other is the hybrid-bill procedure, used for projects which affect private individuals but are also in the national interest. Transport ministers have begun to lobby for parliamentary time for such a bill, but the department is already committed to one hybrid bill next year for the Channel tunnel link.

It is unlikely to win parliamentary time for a second, particularly as the government's business managers know that there would be overwhelming pressure for government cash to provide links with the Heathrow and Channel tunnel lines.

Extension of BSE ban based on new experiment

By Clive Cookson, Science Editor

This week's extension of the list of cattle products banned in the UK is based on new evidence, proving for the first time that BSE or "mad cow disease" can infect more of the animal than just the brain and spinal cord.

An experiment by agriculture ministry scientists showed last month that the small intestines of six-month-old calves, who had themselves been fed large amounts of BSE-infected brains, could pass the infection to laboratory mice.

The findings prompted an emergency meeting of the government's scientific advisory committee on BSE. It concluded that the "theoretical risk of infection of man via food derived from infected calves is miniscule if it occurs at all, but information on calves is still very limited".

The agriculture ministry added intestines and thymus glands of calves under six months old to the list of prohibited cattle products. Offal from older animals – brain, spinal cord, spleen, thymus, tonsils and intestines – has been banned since 1989.

Calves' intestines are traditionally used in beef sausage production.

Mr Gavin Strang, Labour's agriculture spokesman, urged the government yesterday to extend the ban further to include calves' brains and other offal. He said: "No one is going to criticise ministers for excessive caution when it comes to BSE." But Dr Kenneth Calman, the government's chief medical officer and Mr Keith Meldrum, the chief veterinary officer, insisted in a joint statement that calves' brains were "not considered in the light of the available evidence to present any risk".

Mr Meldrum said it was "not surprising" that the BSE agent was present in the calves' intestines. The agent's incubation period suggested that it would not show up in the brains of animals less than 1½ years old.

BSE has affected 130,500 animals in the UK since it was first reported in 1985. The epidemic started to decline last year with new cases now running at about 500 a week, against 1,000 at its peak.

A few microbiologists – notably Professor Richard Lacey of Leeds University and Dr Stephen Dealler of York District Hospital – have demanded far stronger government action to reduce the risk that BSE could cause an epidemic of Creutzfeld-Jacob Disease, its human equivalent. Such fears have provoked German moves to ban British beef imports.

Dr Calman reiterated that there was no evidence that BSE – or eating beef – could cause CJD. "I must provide the best advice to the public, whatever the consequences," he said. "If there was any evidence that suggested a link between BSE and CJD, then I would regard it as my responsibility to bring it to public attention."

Mainstream scientific opinion continues to support the official line. "I have not modified my diet and I still eat beef," said Dr John Collinge of St Mary's Hospital Medical School, London, a leading researcher into the infectious proteins that are believed to cause BSE, CJD and other brain-destroying diseases.

Collection of rare books sells for £3.2m

By Antony Thorncroft

One of the finest collections of incunabula – books printed before 1500 – to appear on the market for more than 50 years was broken up at Sotheby's in London yesterday. The 400 books come from the library at Donaueschingen, the home of the Fürstenberg family, and sold, on target, for £3.2m. Almost every lot sold.

Four of the books are inscribed by Count Wolfgang, the founder of the house, and of the court library. Perhaps the rarest offering was a broadside printed in Vienna in 1461 giving the most suitable days in the year for medicinal blood-letting. It is the first known example of printing in Vienna, and sold, just below forecast, for £221,500.

Post Office competitors set sights on niche markets

By Andrew Adonis

Government plans to limit the Post Office's letters monopoly are set to lead to a growth in small business-to-business mail operators but are unlikely to make a significant dent in Royal Mail revenues, companies competing against the Royal Mail said yesterday.

They said that unless the Post Office's monopoly was abolished entirely they would continue to concentrate on niche sectors, particularly services to City institutions.

The green paper on the future of the Post Office, published this week, raised the prospect of contracting the Royal Mail's current monopoly, which covers all mail costing less than £1 to deliver.

Mr Michael Heseltine, trade and industry secretary, refused to specify a new figure, but analysts do not expect it to be below 50p – twice the current price of a first class stamp.

Mr John Ellis, chief executive of Deltec, a London-based company competing in the public mail market, said: "If it comes down to 50p, we might grow about fourfold – but that still makes us a drop of water in the Royal Mail's ocean."

Deltec specialises in international mail, over which the Post Office has no monopoly.

It focuses on customers requiring collection after the last Royal Mail collection times and offers overnight delivery from the City to 18 London postal codes. Mr Ellis said: "at 50p we would think seriously about offering a similar overnight service in other UK business centres – but there is no chance of our going into the residential market."

Deltec is one of about 15 companies believed to be offering a public business mail service. Their combined turnover was a tiny fraction of the £4.2bn earned by Royal Mail last year.

Mr Edward Davey, a postal analyst at Omega Partners, a London consultancy, said: "Further competition is likely in niche markets, particularly in business-to-business flows."

Parcelforce, the Royal Mail's loss-making parcels delivery subsidiary, is estimated to have only 30 per cent of the UK parcels market. But the Post Office is more efficient in the letters market and not open to being undercut on price.

Mr Mark Haynes, chief executive of City and Financial Express, another carrier targeting the City market, said: "The Royal Mail does a marvellous job. Anyone talking about providing a parallel service is talking rubbish. We are interested in serving needs that the Royal Mail does not meet."

Tory leaders stress unity on EU

By Kevin Brown, Political Correspondent

Mr Douglas Hurd, the foreign secretary, yesterday sought to cement the Conservatives' fragile consensus on Europe by claiming widespread European backing for a multi-speed union.

In a speech to coincide with the start of Germany's six-month presidency of the EU he firmly ruled out further transfers of sovereignty to Brussels at the next intergovernmental conference in 1996.

But Mr Hurd also went out of his way to placate pro-European Tories, uneasy about Mr John Major's decision to veto the candidacy of Mr Jean-Luc Dehaene at last week's Corfu summit on the presidency of the commission.

He said arguments about the principle of Britain's EU membership were "yesterday's debate" and insisted that the veto would lead to "healthier" decision making.

Mr Hurd's comments were echoed by other cabinet ministers in a concerted government effort to build on the common ground established around the multi-speed concept.

Mr William Waldegrave, the open government minister and a pro-European, said the Conservatives were uniting around the vision of "a Europe of the nations, not a Europe to supersede the nations".

Baroness Thatcher, the former Conservative prime minister, broke a six-month silence on the European issue, describing Mr Major's handling of the Corfu summit as "top class".

Mr Hurd, addressing the Harborough Conservative Association, rejected Labour claims that the use of the veto had relegated Britain to the sidelines of Europe.

He said the government's success in reshaping the European agenda was evident in Germany's programme for its presidency, which focuses on deregulation, subsidiarity and enlargement.

He said there was no case for further automatic and inflexible pooling of sovereignty in Brussels. In a clear rebuff to Continental federalists he warned that "rigid" EU structures might face disaster.

He said: "We must respect the achievements of those who dreamt of a United States of Europe, while being clear that it is the wrong model for the new Europe.

"When the prime minister and I have talked about a multi-track, multi-speed, multi-layered Europe, we have clearly struck a chord, and not just in Britain."

He added: "All around Europe, people are rejecting the idea that there is some detailed blueprint for the future of the union. They do not want to receive decrees from Brussels. They do not want their sense of nationhood to be affronted."

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Sizing up the global pot

Hardly a week has passed since February without the gilt market succumbing to yet another bout of inflationary angst. And hardly a week has passed since then without the emergence of some encouragingly benign piece of news about the trend of underlying inflation. With long gilts delivering an income of nearly nine per cent and the Treasury's latest forecast for inflation revised down to a mere 2¼ per cent, the angst takes some explaining. How can gilt yields remain so high in the absence of more obvious inflationary pressure?

One of the more fashionable explanations is that high real bond yields stem from a global capital shortage. That is to say, a combination of growing demand for capital from emerging markets, from businesses in recovering economies and from governments with big budget deficits has had to be financed out of a static or dwindling supply of capital. This, it is argued, has caused the price of capital – real long term yields – to rise.

Certainly the thesis derives some support from the movement of index-linked gilts, which have risen by around a full percentage point so far this year. Also from numerous economic studies, which have established that shifts in long-run real interest rates are substantially explained by changes in returns on investment and in debt ratios. Over the long run, moreover, the argument looks altogether plausible.

Between 1979 and 1992 gross national saving as a percentage of GDP in the OECD area declined from 23.6 per cent to 19.4 per cent. The fall was driven by the US, where gross national saving slumped over the period from 21.3 per cent to 14.5 per cent. Budget deficits, meantime, have been rising uncomfortably, especially in Europe. In its latest Economic Outlook the OECD estimates that general government budgets weakened on average by the equivalent of 3 per cent of GDP in the recent downturn. Between a third and a half of the deterioration was structural, which implies that the related increase in public spending will not disappear with economic recovery.

Creditors' ranks

The developed countries have, in fact, been hogging much of the internationally available capital at a time when the ranks of the creditor countries have diminished. Not only are the oil producers no longer big capital exporters; Germany, which ran a current account surplus on its balance of payments for most of the 1980s, has gone into deficit as a result of German reunification. Since a surplus has to be matched by capital outflows and a deficit by capital imports, Germany's about-turn imposes a strain on the global pool of capital. And it leaves Japan as the world's last big creditor country.

Yet the US, which has recently become the world's biggest debtor with outstanding obligations to the rest of the world of well over \$500bn, has been busy trying to reduce the Japanese current account surplus both through an aggressive trade policy and neglect of the dollar. The OECD projects that the Japanese current account surplus will fall from \$131bn in 1993 to \$120bn in 1995, while the US current account deficit is expected to rise from \$109bn to \$153bn over the same period.

Adverse impact

Since the level of capital investment tends to be insensitive to interest rate movements, this decline in both the aggregate level of saving in the developed world and of internationally available capital at a time of global recovery could indeed be expected to have a big adverse impact on long-term real rates. And it takes place just when the developing countries have been raising their net imports of capital from \$37bn in 1986-90 to nearly \$160bn last year.

Yet this increase in the demand on the global savings pool still looks an odd explanation for recent bond market behaviour because it pre-dates the shakeout. The supply of capital to emerging markets has been heavily curtailed since February. And the budget deficits of most developed countries, bar Japan, are expected to shrink over the next two years.

Nor is the developing world's use of capital quite as predictable as might be expected. Domestic savings there have played a much bigger role in financing investment than external capital; and the Third World has actually increased its contribution to global savings from 15 per cent in the 1970s to a remarkable 25 per cent today. Many countries in the Asian Pacific region have run persistent trade surpluses over the years. Even the regional giant China, is running a substantial current account surplus if taken in conjunction with its near neighbours Taiwan and Hong Kong.

Other things being equal, the increasing demand for capital from the more dynamic economies in Asia, Latin America and Eastern Europe must have an impact on the cost of capital. But the capital shortage argument rests heavily on expectations of shortage rather than current financial reality. It is an important, but still only partial, explanation for the high real bond yields in the UK and elsewhere.

Which hat will he wear next?

The defence case for the crown

Prince Charles took his message to his future subjects – but has it fallen on sympathetic ears, asks Michael Cassell

Prince Charles has just found safe haven aboard the *Royal Yacht Britannia*, anchored, possibly for the last time, in the Pool of London. It is 100 years since his great-great-grandfather opened Tower Bridge and the present heir to the throne has returned from the anniversary celebrations. "At least I didn't fall in", he chuckles, acknowledging the potential for more, extraordinary headlines.

The news media have already given saturation coverage to the previous night's television documentary in which, before an audience of 13m, he confessed his adultery, mused on the links between Church and Crown and conformed to his own caricature as a thoughtful man trapped by destiny but compelled to prove his worth.

If the avalanche of publicity and "expert" opinion had rattled him, the prince who remains calm under fire (witness the little contretemps with a pistol-waving student in Sydney's Tumbalong Park) was showing no signs of it aboard the yacht whose fate at least has been decreed.

Any Lord of the Isles who can prang his "whisper" jet into a Scottish peat bog as he did this week, adjust his cufflinks and stick to his schedule is not going to be shot down by a press he says is hooked on "prurient speculation".

On Britannia, where he urges his guests to "make the best of it", he is relaxed, smiles through a healthy tan and shows no hint of what a supportive Bishop of Durham was this week moved to describe as a "sinful and struggling man".

Immediately ahead of Charles lies a low-key weekend in Wales – today he visits a Rhondda rugby club – to celebrate 25 years as Prince of Wales. He knew the anniversary would trigger renewed questioning about his suitability to be the next king and, in a risky move, decided to present his own case on film. He has no regrets about the final product and knows that, for the most part, it will merely endorse the views of those who oppose or support him.

The prince hopes that when the brouhaha over his infidelity has died down, people will be left with a rounded impression of a man doing his best for "jolly old Britain" in a job he would not have chosen but which he must ensure changes with the times.

But while the documentary, with its exhaustive, intimate exposure of a man who loves every tree and stone but who imagines each one conceals a tele-photo lens, may have been designed as a definitive response to the critics, it has inevitably raised as many questions as it has answered.

If the exercise was regarded as an important step in the campaign to restore his badly-damaged public image and reinforce his claim to be crowned King Charles III, did it help or hinder him?.

His readiness to be grilled on the most intimate and painful aspects of his life, like some disgraced Hollywood giant seeking renewed adulation through abject confession, at once renewed the controversy over whether the British monarchy's best chance of survival lies in retaining some mystique or in riding bicycles in St James's Park.

Prince Charles' view is self-evident from his decision to make the programme. "Who are all these people who speak for me?", he despaired on camera. The best response, he decided, was to do his own talking. "There is no sense it has backfired. He's said what he wanted to say and he won't be doing it again", an aide volunteered.

He has no regrets about the film and knows it will merely endorse the views of those who oppose or support him

Many would welcome a long silence. "I'm for a little bit more mystery surrounding the royal family", says Mr Peter Morgan, director general of the Institute of Directors. "I think is it extraordinary that we know much more about Prince Charles than we do about Margaret Thatcher."

"Ridiculous decision", claims a senior Tory peer: "The publicity surrounding the family's problems was all dying down anyhow and he has re-ignited it. He said himself we have no right to know everything and he should never have been exposed in that way."

His Lordship may be out of touch. Early polls suggest that the prince's decision to bare all has gone down quite well with the general public, which is still in favour of a monarchy and which does not appear unduly worried about having an adulterer on the throne. The Daily Mirror's front-page banner headline – "Poll Exclusive – Not Fit to Reign" – omitted to mention that though one-third of its readership believed Charles should be denied the Crown, two-thirds said he should be king.

His personal performance has won support even among some republicans: "If we must have a monarch, then I suppose there is nothing wrong with a rather curious, inquiring screwball doing the job. If we have to have one, then let's have him", says Prof Richard Hoggart, the author and historian who believes monarchy perpetrates patronage, sentimentality and contempt. He adds: "It is all based on the idea that you must give the little people something to wave at. But I accept that the great bulk of the public still want to press on with a monarchy."

Prof Hoggart, who refuses invitations to Buckingham Palace, thinks Charles has managed to project himself as a "dignified, well-intentioned human being who is not an intellectual but has a lively, intelligent mind".

Helena Kennedy, QC, chancellor of Oxford Brookes University and an advocate of constitutional change, agrees with Prof Hoggart that the British public is not unduly perturbed by the fact that the prince's marriage has broken up and that he has been unfaithful.

"People increasingly see the royal family as just another family, with all the usual failings and frailties. Charles, at least, is much more in touch with the real world than some of his relations. If this was a relaunch, I think it has been successful".

The prince's television performance did not dispel the idea that Charles still inhabits a world alien to most people. Perhaps it is not unreasonable that when the Colonel in Chief of eight regiments sits down to dinner at home with a few old chums they should be clad in enough gold braid to sink Britannia but it hardly carries the common touch. His use of "boiling" as an expletive reeked more of Bertie Wooster than Brookside.

However he may be singing a more popular tune in thinking out loud on the future relationship between Church and state, and the possibility of widening the remit of monarch to become defender of all faiths. Senior palace aides insist he is not advocating disestablishment of the Anglican church.

According to Ms Kennedy: "He is clearly struggling with things spiritual and temporal in a way which many people will understand."

The Anglican church has mostly been cautious in responding both to the prince's disclosures over his personal behaviour and his thoughts on the future role as Supreme Governor of the Church of England.

A former archbishop of Canterbury points out Charles would not be the first royal to sin but still ascend the throne

Lord Coggan, former archbishop of Canterbury, is not alone in pointing out that Charles would not be the first royal to sin and still ascend to the throne.

But regular critics of the royal family such as Rev Tony Higton, a member of the Church of England's ruling synod, is more convinced than ever that Charles is not up to the job. He believes the prince's views on defending the faith of Catholics, Hindus and Zoroastrians alike will be profoundly disturbing to many: "He is a New Ager rather than a Christian and he is unprepared to be Defender of the Faith," says Higton.

The IoD's Peter Morgan adds: "It is one thing to be clearly identified with your own faith and to open up to others but quite another if you are not going to be identified, first and foremost, with your own church. The prince speaks warmly of Islam but can we really expect King Fahd of Saudi Arabia to become leader of all the faiths in his country?"

In the view of people such as Mr Anthony Barnett, co-ordinator of Charter 88, the group seeking constitutional reform, the prince's anguished deliberations form a sideshow to the real agenda for change in Britain.

"Charles' objective is to try to resolve the crisis of the monarchy by attempting to say I love this country, I can't understand why its going wrong and I'm trying to do what I can to make it better.

"The real problem is not the prince's behaviour. The crisis is not just institutional but also lies in our failure to maintain consistent, economic development. The monarchy used to be the authentic representative of a very successful political, social and economic order. All that has gone. Now it is the symbol of a rotten, decayed constitutional order."

Mr Barnett paints Prince Charles as a man now almost entirely isolated from any of the surviving institutions: "He is so alone. There is no real aristocracy, an ineffective church, the army is a poor imitation of what it once was. They have all dropped away, leaving the monarchy increasingly adrift."

Charles himself invariably portrays himself, still more so since his split with Princess Diana, as a man struggling alone – despite his staff of 62 – to carry the burden imposed by destiny; the reality is that he remains, possibly for many years to come, only the deputy. In the meantime, he will continue his duties for what he so tellingly calls "the organisation" into which he was born. He rejects any suggestions that he is somehow trying to re-define his role but acknowledges the need to make subtle shifts which will help make him a thoroughly modern monarch. Few people criticise the prince's involvement in and encouragement for the range of organisations aimed at extending opportunity to those needing a helping hand. Even fewer will criticise the unique ability of someone, by virtue of their extraordinary position, to bang together ministerial heads and painlessly extract more cash out of a parsimonious government.

He is ready for more "ghastly" command performances but he also desperately wants people to realise there is a substance and sense of deep obligation underpinning his life.

"I am not", says the Prince of Wales, "very good at being a performing monkey". The years ahead will decide whether his subjects-to-be will ultimately permit him any other role.

MAN IN THE NEWS: ***Tomiichi Murayama***

A novice in deep water

At the age of 70, Mr Tomiichi Murayama has just discovered he has a lot to learn – and fast.

To his own surprise and everyone else's, the former fishing union official was on Wednesday night chosen as Japan's first Socialist prime minister since 1947, and its fourth leader in the past year. Rather than celebrating with his favourite meal, fried marinated horse-mackerel, Mr Murayama will spend the weekend doing homework.

Today, he will receive the first of many hours of briefings from government officials on what to say to puzzled world leaders, when he faces them next weekend in Naples for the Group of Seven summit.

It will not be easy. This formerly obscure back-bench politician has never held a cabinet job until now, never met the officials who will brief him and has no experience of international affairs.

He will be out his depth in Naples. Mr Murayama, who hates pomp, speaks not a word of any foreign language, according to his secretary. He has travelled to Europe only three times, to the US never, and to China only once, 30 years ago.

When Mr Helmut Kohl met Mr Murayama's capable predecessor, Mr Tsutomu Hata, two months ago, the German chancellor joked he could not keep up with the names of the high-speed succession of Japanese prime ministers. He may now feel Japan's political instability is no longer a joking matter.

His bushy eyebrows twitching nervously under television spotlights, Mr Murayama confessed last week he was unqualified for the job. Most of Japan agrees with him, evinced by the Social Democratic party's paltry 15.4 per cent showing in last summer's general election.

Yet on closer examination, Japan's unlikely new leader may not be the disaster he may seem. He is an eccentric, unrepresentative figurehead, yet the ship of government has a professional crew.

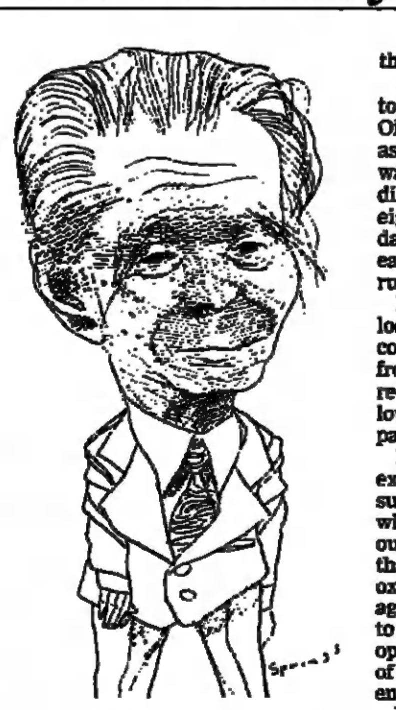
His administration is dominated by the experienced Liberal Democratic party, which ran Japan for 38 years, with the SDP in opposition, until last summer. The LDP decided to put its old foe on top because it needed the votes of Mr Murayama's Social Democratic Party to oust the previous coalition and make a come back after a humiliating year in opposition. The SDP was only too keen to get back to power, after breaking with the former coalition two months ago.

Sensibly, Mr Murayama accepted the reality of the deal and wasted no time in stepping smartly to the right, by handing most of the top jobs in his new cabinet to the LDP and adopting conservative policies.

Mr Murayama's job, therefore, is to keep the peace between the SDP, half of which are on the far left, and the LDP until the new government is ready to face a general election under a new electoral system due to be ready by the autumn. "The question is not so much whether he can hold the government together, but for how long the LDP will hold it together for him," says Mr Dan Harada, a political lobbyist.

On past performance, Mr Murayama has a good chance of delivering his part of the strange LDP-SDP pact. Peacemaking between squabbling left and right factions in the SDP and arcane parliamentary tactics are two areas where he has useful experience.

Mr Murayama is a relative beginner as a peacemaker, since he has led his party for less than a year,



since last September. He was chosen then, as now, as a compromise candidate. But he skilfully guided the SDP into two of the toughest sacrifices in its life: accepting the end of a ban on rice imports and agreeing to political reforms that will destroy the influence of the party's traditional support groups.

As a broker of compromise deals, Mr Murayama's main assets are a lack of firm policies and a kind, old, gentlemanly image. Mr Murayama's SDP colleagues call him Ton-chan, or Young Tom, in affectionate reference to his grandfatherly appearance. Privately, some LDP members admitted yesterday they liked their new boss.

Despite his sell-out on rice and reform, Mr Murayama is also liked on the left, where his roots are. The fifth son of a fisherman in Kyushu, southern Japan, he graduated in political science and economics from a red-brick university and started work in a union sponsored by the left wing of the then Japan Socialist Party.

At 31, Mr Murayama was elected to the council of his home town, Oita, later rising to the prefectural assembly. His wife, Yoshie, a former wartime nurse, ran the prefectural dining room until her retirement eight years ago. In his younger days, Mr Murayama used to do early morning motorbike shopping runs for Yoshie's restaurant.

Mr Murayama's background in local politics, and perhaps his wife's cooking, assured him loyal support from the voters of Oita, which have re-elected him seven times to the lower house of parliament over the past 22 years.

During that time, he became expert at parliamentary tactics, such as the famous "ox-walk", in which the opposition used to drag out votes for days by approaching the ballot box at snail's pace. SDP ox-walkers delayed a bill, two years ago, to allow Japan to send troops to a United Nations peacekeeping operation in Cambodia, the first use of Japanese forces abroad since the end of the second world war.

Mr Murayama promised to give up ox-walking when the SDP joined the former coalition government of Mr Morihiro Hosokawa last July. But the kind old gentlemen later showed his tactical horns when he pulled the SDP out of the next coalition, in April, in protest at a backroom plot to marginalise it from policy-making. That deprived the government of a majority, starting the chain of events that brought Mr Murayama to the prime ministership.

The big risk, of course, is that Mr Murayama's prickly and erratic party might find working with its former enemy, the LDP, just as hard as with the previous coalition, with the same disastrous results. But the first signs are encouraging. In his first days in power, Mr Murayama has done his best to co-operate with the LDP rather than impose his party's will. So far, there has been not a murmur of dissent from his SDP followers

William Dawkins

UK universities are keen to adopt the names of commercial benefactors, says **John Authers**

Sponsorship helps all souls

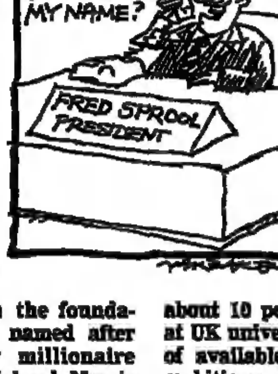
The decision by Oxford dons this week to approve "Kellogg College" as a new name for Rewley House, which teaches mature and part-time students at the university, will have had some of their more reactionary colleagues spluttering over their cornflakes.

To some observers it appeared to signal a sudden move by universities towards selling their souls, or at least their names, to vulgar commercial interests.

On the same day Manchester College, affiliated to Oxford University but not with full collegiate status, voted to rename itself in honour of its benefactor Sir Philip Harris, former chairman of carpet company Harris Queensway.

"It might have been alright if they had just renamed a quad or a building – but did they have to rename the whole college," asks one member of the college's governing body.

Other education institutions have been more conservative: De Montfort university, formerly Leicester Polytechnic chose a local figure who had died 700 years before, when it changed its name two years ago.



But those who object that the commercialisation of academic institutions is an anathema to the ethos of a university education are on weak ground. Naming a college after a generous benefactor with an industrial background is hardly novel. This century, Oxford has seen the foundation of colleges named after motor industry millionaire Lord William Richard Morris Nuffield and Lord Wolfson, whose wealth came from the mail order business. A Cambridge college is also named after Wolfson while Robinson college is named after the television rental millionare.

If anything, the practice of paying tribute to donors in college names is becoming more common – two years ago Liverpool Polytechnic changed to Liverpool John Moores university in honour of the Littlewoods pools millionaire.

The wooing of industrialists is a trend the government is encouraging for an obvious reason: the number of students in UK higher education has doubled in the past five years, intensifying pressure on the government's education budget. Any help from wealthy individuals to top up state funding would seem welcome.

Nor is it necessarily fair to argue that Kellogg and Harris, as well-known consumer brand names, are unsuitable for Oxford colleges. Kellogg College is naming itself after the W. K. Kellogg Foundation, a charitable body which is independent of the breakfast cereal company, although it shares the same founder. It has given the college about £9m in the past few years.

Objections to the Harris name came from those at the college who were anxious to preserve Manchester's roots in the Unitarian church, members of which founded the college in 1889. Some felt that a college's name was not an accolade to be bestowed lightly; in the UK and the US, universities have, literally, set in stone names such as John Harvard and Elihu Yale which might otherwise have been ephemeral. The question was whether Harris deserved a similar memorial.

To the college authorities, however, Sir Philip's donation of about £3.5m offered an opportunity to ensure Manchester's standards meet the university's requirements for full collegiate status. Moreover a link with the past will be preserved – the full title of the college will be Harris College & Manchester Academy.

Far from being embarrassed by help from commerce, universities are exploring fresh ways of attracting still more money. One example is professorships. Oxford already boasts a chair in Media Studies endowed in the name of Mr Rupert Murdoch. Similarly, since 1900, science professorships at the University of Nottingham have been named after the Boot family, which founded the chemist chain in the town. More recently the insurance company Norwich Union has endowed a professorship of insurance studies at the university.

The benefit to Nottingham University is tangible: in the 1992-93 academic year it attracted more funding from industry for research than any other UK university.

Figures from the government's Universities Statistical Record show that industry funds about 10 per cent of research at UK universities. As the pool of available funds has risen, ambitious provincial universities are competing hard to win money for their research work, a phenomenon which they believe can only benefit UK industry. Professor Kumar Bhattacharyya, of Warwick University, told a conference of educationalists in Paris yesterday: "Universities and companies can work together without compromising academic excellence... If you do that then you will be a part of their corporate plan."

Nottingham last year overtook Imperial College, London, as the highest earner from industry. Cambridge and Oxford were in third and fourth place respectively.

The competition among universities for industrial research contracts has been encouraged by the Higher Education Funding Council for England, the organisation charged with allocating government research funding to university departments.

Last month the council announced a change in the way it measures the quality of universities' research programmes for the purpose of deciding future funding. Instead of looking only at pure academic research and counting the number of academic publications a department has produced, it will now take equal account of research commisioned by industry.

That should give an extra incentive to universities to attract commercial sponsorship – a prize for which replacing the nameboard over the porters' lodge may seem a small inconvenience.

Ruthless killers or paper tigers

Tony Jackson says the sums don't add up in the UK's newspaper price war

These are lively times for the UK newspaper industry. Mr Conrad Black's Daily Telegraph slashes its cover price to 30p to match Mr Rupert Murdoch's cut-price Times. The Times responds with a yet more suicidal cut to 20p. The Telegraph's stockbroker, the immensely respectable Cazenove, resigns in apparent protest at Mr Black's share dealings. For the public at large, this is pure entertainment. Investors, by contrast, are bound to ask themselves what the blazes is going on.

Two chief theories have emerged on what the press moguls are up to. The first might be termed the end-game thesis. This argues that the UK newspaper market is in terminal decline, and that Mr Murdoch and Mr Black are out to drive weaker competitors to the wall and carve up what is left of the market between them.

The second we might call the football thesis. This says that newspapers, like football clubs, attract the kind of owners who are driven by self-aggrandisement rather than profit. Newspapers have been uncharacteristically profitable for the past seven or eight years, as a result of the breaking of the print unions. Now the owners have come up with a splendid wheeze for throwing that profit away, and the result is business as usual.

The choice, in other words, is between conspiracy and cock-up. Let us take conspiracy first. The newspaper, we are told, has had its day. The habit of reading is dying out, especially among the young. The break-up of the family means each copy of a newspaper is read by fewer people. The imminent arrival of electronic media means newsprint is about to be rendered as obsolete as the wax tablet.

So far as the quality press is concerned, none of this squares with the facts. There is evidence that the UK tabloid press may be in decline: but the combined circulation of broadsheet national dailies has been rock steady for the past 20 years, varying only with the economic cycle. There was a brief upward blip with the arrival of the Independent in 1986. The market has now settled back to 2.2m copies a day, bang in line with the 20-year average.

As for readership, the surprising fact is that the average for the quality dailies has actually risen over the past decade from 3.1 readers per copy to 3.3. Once more, the trend in the tabloid press has been the other way. The reasons are a matter for debate: the net effect, though, is that quality press readership has actually risen by some 12 per cent over the period.

This leaves us with the promised advent of electronic media, a phenomenon of undeniable significance and uncertain date. Its practical impact on the market has so far been almost zero. The economic characteristics of electronic newspapers are unclear, as is their relationship with conventional media. If Messrs Black and Murdoch are basing their price cuts on such a hazy prospect, they are gamblers indeed.

In fact, Mr Murdoch's motive in first slashing the price of The Times from 45p to 30p last September may have been rather more prosaic. During the 1980s, the quality press in Britain fared better than the tabloids in circulation. The qualities also pushed their cover prices up much more aggressively, so that between 1982 and 1991 their share of national daily press circulation revenue shot up from 19 per cent to 27 per cent.

With the arrival of the cost-conscious 1990s, this became a dangerously exposed position. It was also one being experienced by other owners of branded consumer goods around the world. The most celebrated instance was Marlboro, America's favourite cigarette, which had become much more expensive than its cut-price competitors. In April last year, Marlboro's owner Philip Morris shocked the market by slashing the US price by 20 per cent. The Philip Morris board which made that decision included Mr Murdoch.

The Times price cut in September was even more aggressive than Marlboro's, amounting to some 30 per cent over a six-day week. Nevertheless, it was not without commercial logic. Within six months The Times's circulation had shot up from about 360,000 to 515,000. Simple arithmetic suggests that circulation revenue on an annualised basis thus stayed almost unchanged.

At the same time, higher sales should have allowed The Times to charge more for its advertising space. This is important, since the average broadsheet gets about twice as much revenue from advertisements as from circulation. What this has actually been worth for The Times is a matter of guesswork. It has not raised its official advertisement rates, and the rate cards of most newspapers are in any case a polite fiction. In the last quarter of 1993, according to one industry estimate, the qualities as a class were discounting their advertising space by about 40 per cent.

The net effect of all this on the Times's profits is hard to gauge, especially since the rise in circulation will have meant a corresponding rise in newsprint and other production costs. Nevertheless, it can be argued that until last week Mr Murdoch's strategy was defensible in commercial terms.

Then came Mr Black's intervention,

UK tabloids may be in decline but total sales of national broadsheet dailies have been steady for 20 years

and the game changed overnight. This is where the cock-up theory comes in. The Telegraph's cut in its weekly newspaper bill very nearly matched that of The Times, at 29 per cent. At that point, however, the sums part company.

The Telegraph's circulation is roughly twice that of The Times. It does not follow that the Telegraph can therefore lure away twice as many floating readers. Suppose, for the sake of argument, that the Telegraph's initiative is as successful as was The Times's. This means a rise of 155,000 copies, or 15 per cent of the Telegraph's circulation. Put that together with a 29 per cent drop in price, and a back-of-the-envelope calculation suggests that circulation revenue falls 18 per cent.

Mr Murdoch's immediate reaction, to cut the price of The Times by a further third, means his sums go out of the window as well. But as he will doubtless have calculated, his hand is stronger than Mr Black's in two respects.

First, Mr Murdoch's global empire is a good deal bigger than Mr Black's, and his pockets are deeper. Second, the profits or losses of The Times are buried in Mr Murdoch's group accounts. The paper is believed to have lost money for years, but there is no knowing for sure.

The accounts of The Telegraph plc, by contrast, are transparent. Every time Mr Black cuts his price, any investor with a pocket calculator can make a fair stab at what it means for group profits and dividends. Since last week's cut, the value of the company has fallen by about a third, or £250m. At this rate, Mr Black's shareholders will become restive long before Mr Murdoch's do.

Meanwhile, both papers will be looking for cost savings as a means of containing the damage. It is not clear where they will find them. The big savings in production were made in the late 1980s. Cutting editorial staff during a circulation war would risk defeating the object. Attempts will doubtless be made to squeeze the margins of the newsagents, but the newsagents can take care of themselves. Meanwhile, the cost of newsprint is moving up in its usual cyclical fashion: and since the last upswing in the cycle, both papers have added to their newsprint bills by increasing their pagination.

The alternative is to push up circulation still further. Executives at The Times are talking of raising their circulation to 700,000. If they succeed – and it is a big if – they may once again have recouped lost revenue. Even so, the paper will scarcely be breaking even. If it is ever to make a decent commercial return, its price must eventually be pushed back up again.

The crucial question for the industry is whether this will prove possible. The argument about the stability of broadsheet circulation, after all, cuts both ways. In the long run, extra copies won by The Times and the Telegraph can come only from their rivals. The more numerous these copies, the more it appears that the UK public is becoming promiscuous in its reading habits; and that newspapers, like other branded goods in the 1990s, are moving towards the status of commodities, sold chiefly on price.

In commercial terms, therefore, Mr Murdoch and Mr Black are playing a dangerous game. How fortunate, one might conclude, that like football bosses, they are not just in it for the money.

Nancy Dunne rides with Ron Brown's Latin American roadshow

Handshakes and sambas

Ron Brown's eyelids were drooping. After five days of tireless campaigning on behalf of US exports to Latin America, the exuberant US Commerce Secretary was drained of energy.

He was seated on his sixth dais of the day on his six-day business mission, when he was seen to nod off for a second or two. He had begun Thursday in talks with Argentine President Carlos Menem, who was pleased that the US had decided not to bring a trade case or threaten sanctions over Argentina's "inadequate" patent protection. This was because, according to US officials in an elegant display of straw-grabbing, of "the accelerated effort of the Menem administration" to obtain passage of measures which would update Argentina's 120-year-old patent laws.

Mr Brown, for his part, was pleased with progress on an agreement between the US and Argentina to expand US airline services to the capital Buenos Aires.

The two moved to the president's newly restored reception area, a blinding white, gold and mirrored room lit by hundreds of naked light-bulbs. It was here that Mr Menem informed the 22 company chief executive officers on the trade mission, and senior US administration officials: "We have given this trip high value."

From there, Mr Brown moved to the press room of the president palace, the Casa Rosada, where the pop song *True Love* was inexplicably being piped in. After a meeting with the Argentine foreign minister, Mr Brown proceeded to a lunch promoting tourism, a round-table on environmental technology, a keynote address to bankers, another press briefing and a meeting with American and Argentine students.

"This is a marathon, an endurance test," he shouted to his aides as they slowly mounted the steps of their aircraft on the way to the next stop, Santiago. A few minutes later, Mr Brown was meandering around, shaking hands, an ebullient and imposing figure.

He wanted to make sure his CEOs were happy. They were there because Latin America is the fastest-growing market for US exports, and they were hoping to line up joint venture partners and to pitch for government contracts. At the start of the trip Mr Brown met them one by one in his aircraft compartment; he later met them as a group to plot strategy throughout the mission.


Carnival and commerce: Ron Brown taking time off in Rio

On the ground, the days passed at a hectic pace. Meetings ran into meals, and speeches into seminars. Sirens and leather-jacketed policemen cleared a path for swift trips to government offices and conference rooms on visits to the five cities. For $10,000 each, the executives were wined and dined with the business and political elite, their itineraries jammed with appointments arranged by the US and Foreign Commercial Service.

For all the trappings of government power, the inter-action between Mr Brown and the CEOs is what most impressed his hosts. He opens the door to senior government officials in Latin America and brings the concerns of top businessmen to the attention of officials. One company chairman said he would now consider manufacturing in Brazil despite the country's onerous domestic content regulations. These require foreign investors to make some of their products locally, rather than simply selling them. "A trip like this helps you to refocus on what you're doing," he said. "This is still a relatively closed market."

The presence of officials from the US Export-Import Bank, and the Overseas Private Investment Corporation, both trade finance bodies, indicated that the delegation meant to do serious business – and it did. One of its first actions was the improvement of financing terms for Raytheon corporation bid to build a multi-billion-dollar radar system for surveillance of the Amazon. The other contestant was France's Alcatel/Thomson.

Mr Brown said the Brazilians recognised the "superiority" of the US technology, but the French could still win with the generous financing package they are offering.

Behind all the trappings of power, US officials understand that American clout was not what it was. Since the Latin Americans began to agree free trade pacts with each other, "Argentina is more interested in Brazil as a market than the US," a senior US official said. "They used to sell us raw materials in exchanges for manufactures. Now they can sell manufactures to each other. They have diversified their trade; they are less dependent on us."

Mr Brown had two other tasks: to build momentum for the hemispheric summit in Miami in early December, the Summit of the Americas, at which the US might announce its post-Nafta strategy, and to stress a leftward shift in US policy, which he did most starkly in a speech to Argentine bankers. One consequence of the latter is that the Inter-American Development Bank is raising the amount of funding it allocates to social programmes to 40 per cent of total disbursements. On Thursday, the bank announced a $170m loan to Argentina to train 200,000 workers.

The economic resurgence now under way in Latin America is, however, threatened by social and economic inequities. "Economic growth is not enough if the fruits continue to go to only the top 5 per cent of society," Mr Brown told the Argentine bankers. The message was clear: if the benefits of liberalisation do not trickle down, the US fears for the stability of the new democracies in Latin America.

His reception was warm. If the trip's co-ordinators made one mistake it was to schedule the trade offensive during the World Cup competition. However, in Buenos Aires, when Maradona was eliminated in disgrace from the competition, Argentina's national tragedy passed without mention. It seemed to be business as usual for President Menem and pre-game traffic congestion was as heavy as ever.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Religion: converging and diverging with science

From Mr Nicolas Walter.

Sir, Dr Denis Alexander's reply (Letters, June 25/26) to Professor John Postgate's article ("Religion: are we better off without it?", June 18/19) seems odd to an outsider. While observation shows that people may be both scientific and religious, logic suggests that religion and science themselves have little in common. They work in different ways: both make claims, but religious dogma can be neither verified nor falsified, whereas science is based on the verification and falsification of its hypotheses.

They have different patterns; they both change, but religious creeds tend to diverge, whereas scientific paradigms tend to converge. They have different results; both offer answers to difficult questions, but religious doctrines explain nothing, while scientific research has explained more problems than anything else.

It is true that religion and science are similar in some ways. Religious people and scientists, like clever people and artists, tend to make exaggerated claims about themselves. In fact no such group seems to behave better (or worse) than any other, and the only distinction may be that religious (and political) fanatics demand and justify atrocities, whereas scientists and technicians do the dirty work.

But the fact remains that the religious method leads to myth and muddle whereas the scientific method leads to knowledge and understanding. Religion once claimed superiority over science, but was defeated in an open contest. It now claims equality with science, but it will be defeated again.

Theology is no more a science than astrology or scientology. And continuing attempts to import theism into popular science have more to do with fashion and marketing than with serious science. In the end religion will be judged by science and science will be judged by ethics.

Nicolas Walter,
Rationalist Press Association,
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Complexities create burden on pensions

From Mr N G Preston.

Sir, We have seen adverse reactions, in your columns and elsewhere, to the proposal in the government's white paper that guaranteed minimum pensions for contracting out of the state earnings related pension scheme should be abolished. Some scheme members will, it is stated, be worse off. This may be true, though this depends on a number of factors, not least the definition of the minimum "requisite benefits" which a pension scheme must provide before it can contract out. As yet these benefits have not been defined.

The critical comments, however, seem to smack of all that is worst in pensions planning, namely the view that nothing should be changed unless no one can possibly be worse off. This simply fuels the inexorable rise in administrative complications – among which contracting-out rules have always ranked highly – and, ultimately, may result in employers withdrawing from pension provision altogether.

Simplification in pensions legislation must be to everyone's benefit and we should applaud the government's intention to eliminate unnecessary and debilitating complications in this area, though I would urge them to go further. There is much scope for social security legislation to be cut back without in any way weakening the position of members. Practitioners and administrators would be even more pleased if this spread to the Inland Revenue, whose rules on benefit limits, etc, make the complex contracting-out rules look like child's play!

N G Preston,
partner, R Watson & Sons,
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Special tax rate would allow low paid to receive benefits

From Mr R A Ledingham.

Sir, Your leader "Work and Benefits" (June 27) states that "the benefits system needs to be radically shaken up to support people through partial employment and low paid work as well as during unemployment".

It is difficult to see the slightest possibility of change from the current process of shaking down the benefit system. The only potentially helpful change that is offered by any political party is fuzzy commitment to a meagre element of universality, and anything more adventurous would attract widespread derision.

It may be more sensible to leave the benefit system doing the job for which it is now designed, that of alleviating the most dire misery, and to concentrate attention on direct taxation, real and nominal.

It may be possible to support people through partial employment and low paid work by allowing them to pay, say, 50 per cent tax on any income earned, in return for that income being ignored for benefit purposes.

Such taxation is easy to administer, directly addresses the problem by providing marginal labour market forces and, above all, is politically acceptable.

R A Ledingham,
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The driest of dry Martinis

From Mr Peter Barnes.

Sir, Your correspondent Giles MacDonogh (Food & Drink, June 25/26) rightly warns of the perils of crossing the Atlantic to arrive in time for pre-prandial martinis. He does not, however, define the real vintage American Martini. The ingredients for this, as practised by an old friend of mine from California, are:

Bottle Extra Dry Martini, corked not screw-topped;
Beefeater 47 per cent gin;
Lemon peel;
Large "V" glass.
Keep above in refrigerator.

To make, remove ingredients from refrigerator. Add two blocks of white ice to glass and pour over gin to top of glass. Add twist of lemon rind. Briefly invert Martini bottle to wet cork. Remove cork and pass over glass. Replace cork.

Serve.

This makes a truly dry Martini. I have enjoyed many over the last 25 years and I swear that my friend is still using the same bottle of Martini.

Peter G Barnes,
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Concern for the homeless

From Mr Ted Hill.

Sir, Mr John Gummer, the environment secretary ("Gummer moots council housing change", June 30), leaves me with deep concerns over the future for homeless people. His statement that local authorities should not automatically provide accommodation for homeless people leaves little hope for the 135,000 households officially accepted as homeless last year, nor for the 8,000-plus people who sleep rough every night, the 5,000 families in bed and breakfast accommodation, or the 38,800 families in other temporary accommodation.

With the government's green paper on homelessness generating controversial debate, I await uneasily the white paper later this year.

Ted Hill,
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COMPANY NEWS: UK

Yorkshire Electricity dips after job provisions

By David Lascelles

Heavy provisions for redundancies were behind a dip in profits at Yorkshire Electricity last year.

But the Leeds-based distributor said that the underlying business was strong and growing, and raised its dividend by 15 per cent.

Pre-tax profits in the year to March 31 were £149m, a drop of 4.7 per cent. The figure included a £43.5m exceptional for rationalisation costs through to 1997, by when the company expects to have shed 1,000 jobs in addition to the 632 lost last year.

There was also a £17.4m provision for writing off the investment in Homepower, its joint electrical retailing venture with East Midlands Electricity which has been in severe difficulty.

Without these exceptionals profits would have amounted to £210m before tax, a gain of 21 per cent.

Mr John Tysoe, chairman, said: "I am fully convinced that we are pursuing a well balanced strategy which focuses on the efficiency of our core business and the development of related activities."

Before exceptionals, the electricity distribution business increased profits by 13 per cent to £162m, with units rising 2.1 per cent. On the same pre-exceptionals basis supply profits rose 84 per cent to £30.6m. Pre-exceptional controllable costs fell 5.3 per cent to £223m as the restructuring began to bite.

Yorkshire's share of Homepower's losses was £5m.

Mr Malcolm Chatwin, chief executive, said that new plans for the business were being prepared. "It needs to be bigger," he said.

In other sectors, Yorkshire made £11.4m from power generation and £400,000 from its gas business. The company expects to be making a £160m investment for a 17 per cent share of Stockholm Energi, the Swedish utility. Mr Chatwin said that Sweden met the company's criteria of growth, market liberalisation and stability, and presented opportunities that were not available in the oversupplied UK market.

Earnings per share dipped 4 per cent to 51.5p. The final dividend is 16.58p, making a total of 23.48p, covered 3.4 times by earnings excluding exceptionals.

● **COMMENT**

Yorkshire, once the sector darling, has slipped to become one of its highest yielding stocks. Analysts were divided yesterday over whether the results displayed weakness or strength. The exceptionals were large and perhaps belated, but at least Yorkshire is getting to grips with its costs. The Swedish venture is unusual and expensive but it could yield useful upside.

Queens Moat debenture agreement

By Michael Skapinker, Leisure Industries Correspondent

Queens Moat Houses, the hotel group, said yesterday it had reached initial agreement with its debenture stock holders on the financial restructuring proposals it intended to put to its shareholders.

Queens Moat said that while the debenture stockholders' steering committee was still awaiting full details of the restructuring, the agreement in principle was a significant step forward. The debenture stock holders have rights over a list of Queens Moat hotels.

Mr Andrew Coppel, chief executive, said the group's next task was to reach agreement with creditor banks over the restructuring of its £1.22bn debt. He said talks with the banks were making "encouraging progress".

The debenture stock holders had agreed not to enforce the security on their stocks until June 30. Although this date had now passed, Queens Moat said it was sufficiently encouraged by the agreement it had reached to feel that it did not need to request an extension.

The holders of the two debenture stocks – the 10 per cent First Mortgage Debenture Stock 2020 and the 12 per cent First Mortgage Debenture Stock 2013 – first agreed to waive their right to enforce their security last November. The waiver was extended a second time in April.

Mishaps, bad luck and gaffes

Robert Corzine considers Enterprise Oil's failed bid for Lasmo

Mr Graham Hearne, chairman and chief executive of Enterprise Oil, must be wondering whether he should have consulted an astrologer as well as his merchant bank advisers, SG Warburg and Robert Fleming, before launching his hostile bid against Lasmo, its fellow explorer.

Ten years ago Enterprise planned to celebrate its separation from British Gas with a July "independence day" party. But its plans were scuppered when a hostile RTZ built up a 30 per cent stake.

With hindsight it must seem to have been tempting fate to have the bid deadline coincide with another "independence day" party planned for last night to celebrate the company's first 10 years.

However, the bid was plagued from the beginning by a series of mishaps and bad luck that caused investors and analysts alike to focus as much attention upon Enterprise as its target.

The initial announcement was bungled, with a series of leaks robbing Enterprise of the valuable element of surprise.

It was followed by a gaffe in which Mr Hearne justified the bid by saying that oil exploration was a big boys game which required critical mass. The statement was jumped on by critics as a sign of corporate arrogance, if not personal megalomania.

Last night Mr Hearne said he could not identify a single event or point at which the bid became sidetracked. But the remarks over company size clearly stuck in investor's minds. One industry figure has observed that "unfortunately Graham Hearne has done for the phrase 'critical mass' what John Major has done for 'back to basics'".


Lydia van der Meer
Rudolph Agnew, Lasmo chairman, celebrating victory

Mr Hearne yesterday put a brave face on the defeat, saying that the company would "get on with other opportunities". These could include the possibility of other hostile bids.

"When you have a conviction that an acquisition is in the interests of the company, you should in no sense be deterred by the process."

He also rejected the charge by Lasmo that in making the bid Enterprise effectively admitted that it had a dearth of medium-term exploration and development projects. "There are quite a few opportunities in the pipeline," he said.

Mr Hearne doubted whether the other charges made by Lasmo, including questions about Enterprise's accounting standards and dividend policy, would come back to haunt the company. However, most analysts doubt that Enterprise will be able to go back to business as usual.

Although the failed bid should have little impact on Enterprise's finances, with fees to advisers amounting to only about £5m, the company did spend £159m on acquiring the stake of almost 10 per cent in Lasmo. Mr Hearne last night described it as "an investment, which as with all investments we will keep under review". It was already showing a paper loss last night of about £30m.

That purchase, however, has called into question how the company could have misread investor and industry sentiment so badly.

Mr Hearne said the responsibility rested with him and expressed confidence that the board would continue to support him. He also denied that a management shake-up was in the offing.

But Enterprise's reputation as not only the biggest, but one of the most successful, companies in the exploration and production sector has clearly been tarnished.

Mr Hearne said Enterprise executives and the advisers "worked in harmony throughout" the bid. However, there was speculation last night that there were deep divisions between the various advisers and company executives over the bid strategy, in particular the share buying scheme launched last Wednesday.

Analysts last night speculated whether the blame would be laid solely on the advisers, or whether it would extend to Mr Hearne and Mr Julian West, the corporate development director who was also closely associated with the deal.

It would seem likely that the board may review Mr Hearne's dual role as chairman and chief executive. All Mr Hearne would say last night was "that is a matter for the board".

The bid has also raised questions about whether the company's past success has left it arrogant. One institution said it was the "arrogance" of the Enterprise presentation which caused it to vote against the deal.

Some investors were also struck by the poor performance of the Enterprise camp. Another institutional shareholder yesterday said that of the two competing chief executives, "Graham Hearne appeared much more anxious. Joe Darby was much more relaxed."

Relaxation, however, was clearly at the forefront of Mr Hearne's mind last night, as he prepared to spend an "evening dancing with the Mrs".

Fuller attacks cross-border trade after flat showing

By Graham Deller

Mr Anthony Fuller, chairman of Fuller Smith & Turner, the west London-based brewer, yesterday reiterated his call for the chancellor to reduce excise duties to combat rapidly-expanding cross-border beer trade.

"Any cut would be passed on to the customer and the Treasury needn't suffer in the long term.

"Imports equate to 9 per cent of total French brewing production; the enormous quantity of beer, legal and illegal, coming into our area from Calais is now equivalent to five breweries of our size starting up in our trading area during the year," he said.

Mr Fuller was speaking as the USM-traded group reported a marginal decline in pre-tax profits, from £8.26m to £8.02m, for the 12 months to April 2, on turnover of £82.5m (£81.9m). The outcome, prepared under FRS 3 and against 53 weeks last time, was struck after losses of £306,000 from property sales and masked a slight improvement to a record £9.23m at the operating level.

Mr Michael Turner, managing director, described the performance as "disappointing". Tenanted trade volume fell 7 per cent while managed houses showed a 3 per cent dip. Free trade was up 6 per cent, although this growth reflected large national and wholesale accounts; traditional free trade fell 7 per cent.

"Competition hotted up. The big brewers are offering legendary discounts. We need more sanity in the free trade," Mr Turner said.

On a brighter note, exports, which account for 7 per cent of Fuller's own beer sales, jumped 28 per cent following a buoyant showing in the US and the opening of markets in Scandinavia.

Capital expenditure amounted to £7.4m (£9m) but is anticipated to approach £12m in the current year. Gearing dropped from 9 per cent to 6 per cent.

Earnings per share emerged at 22.93p (23.33p) or 24.19p excluding the exceptional. The final dividend is increased to 5.25p lifting the total to 7.77p.

SB hit by US collapse of Tagamet sales

By Paul Abrahams

Sales of Tagamet, SmithKline Beecham's top-selling drug, have collapsed in the US following the expiry of its American patents on May 17.

Preliminary data suggests the anti-ulcer treatment, which generated US sales for the Anglo-American group of about $648m (£426m) last year, has lost more than half its share of new prescriptions in its class.

Tagamet's share has fallen from about 15 per cent of new prescriptions at the time of the patent expiry to 6.9 per cent during the week to June 17.

Generic versions using Tagamet's active ingredient cimetidine have already captured 11.4 per cent of the market.

● The launch of generic, non-patented, drugs using cimetidine has also hit sales of Zantac, Glaxo's anti-ulcer drug and the world's best-selling medicine.

Its share of new prescriptions fell from 39.5 per cent the week before the expiry to 38.7 per cent during the week ending June 17.

Housebuilding helps Crest Nicholson

Crest Nicholson, the Surrey-based housebuilder, recorded a strong recovery in profits for the six months to April 30, writes Simon Davies.

However, the continuing impact of recession on its construction division resulted in 120 lay-offs, at a cost of £450,000.

Group pre-tax profits were £3.01m (£3.94m losses), on house sales up from 652 to 926 and residential operating margins improved from 4 to 9.5 per cent, as the company benefited from the depletion of its more expensive pre-1991 land bank.

Residential housing, concentrated in the south-east and south-west of England, contributed pre-tax profits of £5.91m (£1.45m). Losses in the commercial property division fell to £477,000 (£3.9m).

Construction division pre-tax losses rose to £1.98m (£255,000). The bulk of its redundancy costs will be carried in the second half.

The company is declaring its first interim dividend since 1990 with a payment of 0.6p. Earnings per share amounted to 1.32p (losses of 4.59p).

VideoLogic floats with £61.5m tag

By Paul Taylor

Shares in VideoLogic were priced at 45p yesterday, valuing the Hertfordshire-based multimedia company – which is being demerged from its parent Avesco – at £61.5m.

This is significantly less than the £70m to £84m that had been expected.

When the flotation plans were announced early last month SG Warburg, VideoLogic's adviser, had hoped that shares issued by way of a placing and offer in conjunction with the demerger would be priced at between 55p and 70p.

However, the issue price had to be scaled back because of the turmoil in the equity market and the reluctance of institutional investors to pay a higher price during Warburg's book-building.

Avesco's shares closed 10p lower at 59p yesterday.

Under the terms of the demerger, Avesco shareholders will receive one VideoLogic share for each Avesco share they currently own.

Avesco shareholders were also given a preferential opportunity to participate in the placing and offer, which was underwritten by Warburg, and applied for about 23.5m shares - or 49.2 per cent of the 47.8m shares available.

The remaining shares were yesterday placed with institutional and other investors.

The placing was designed to raise £21.5m of new money before expenses to help fund VideoLogic's future research and development programme.

Mr Derek Maclaren, VideoLogic chairman, and Mr Anthony Maclaren, managing director, are entitled to a £1.6m bonus from Avesco on demerger.

They have agreed to invest the bulk of the sum in VideoLogic shares, after deducting £250,000 each and making an allowance for tax.

Following the subscription, VideoLogic's chairman and chief executive will respectively hold a 1.1 per cent and 1.2 per cent stake in the demerged company, which will have a total of about 136.7m shares.

Dealings in the new shares are expected to begin on July 6.

RMC $33m buy

RMC, the world's largest concrete producer, has paid $33.1m (£21.7m) to acquire the plant which supplied cement for the construction of the Panama Canal and for the rebuilding of San Francisco following the 1906 earthquake.

The cement works at Santa Cruz, California, was previously owned by Lonestar Industries of the US and leased to RMC Lonestar, in which RMC owns 50 per cent.

Vendôme slips 5% to SFr431.5m

By David Wighton

Vendôme, the Dunhill and Cartier luxury goods group, saw pre-tax profits slip 5 per cent to SFr431.5m (£196.1m) in the year to March. In sterling terms profits were up 3 per cent.

Lord Douro, deputy chairman, said: "Considering the very difficult economic conditions around the world the fact that both companies maintained their positions is a very remarkable achievement."

Turnover amounted to SFr2.6bn, against SFr2.5bn. These are the first annual results since the group was created from the merger of the luxury goods interests of Rothmans, Dunhill and Richemont. It is now 70 per cent owned by Richemont, a Swiss holding company.

In addition to SFr48.6m of costs directly related to the reconstruction, it resulted in a number of non-recurring items which affected profits. These included royalty income which will not recur following the sale of the Dunhill tobacco trademarks to Rothmans and the unwinding of Dunhill's currency hedging arrangement.

Excluding all these factors the company said operating profits would have slipped only 0.6 per cent in Swiss francs against the 5.3 per cent fall reported. Mr Joe Kanoui, chairman, said the merger of Cartier with Dunhill had gone well. "When the merger was announced some Dunhill shareholders were worried about a possible culture clash. But there has been a smooth integration of people who are learning from each other's culture."

Lord Douro, formerly chairman of Dunhill, said it had performed better than he expected a year ago. He said economic conditions had improved over the year, particularly in the US and Europe, although the recovery in its important Japanese market remained "uncertain".

"It would be premature to assume any durable recovery in the majority of the principal markets," Mr Kanoui said.

Because of a fall in the tax charge, which will remain below the normal 25 per cent level for another year, earnings per unit were 21.9p.

There is a single gross dividend of SFr0.18, which shareholders can receive as a net UK dividend of 6.94p excluding any associated tax credit.

See Lex and International Companies

Coal Investments to raise £7.9m via placing

By Simon Davies

Coal Investments, formerly Geevor, is raising £7.9m from a placement to fund the reopening of two former British Coal mines and a joint venture investment with RTZ Corporation.

The company, which was the subject of a management buy-in led by Mr Malcolm Edwards, British Coal commercial director until last October, is issuing 11.67m new shares at 68p only 3 months after it completed an £8m rights issue.

However, the latest acquisitions help achieve the stated intention of licensing of selected former British Coal mines and setting up other coal-related operations.

It has taken a 15 year lease on the Silverdale Colliery in Staffordshire, under which it will pay British Coal royalties on sales and additional half yearly payments to cover surface rental.

In addition, it is paying £2.8m for a 48.4 per cent stake in the Inter-Continental Fuels group, which controls Inter-Continental Fuels and International Mining Consultants. RTZ will be an equal partner.

The companies are involved in coal trading and coal mining consultancy. Mr Edwards said Coal Investments was considering tendering for some of the regional mining packages to be offered through the British Coal privatisation.

The company also announced a pre-tax loss of £2.1m (£138,000) for the year to March, on turnover of £34,000.

Betacom shares fall 27% after profits warning

By Paul Taylor

Shares in Betacom, the telephone equipment company, fell by almost 27 per cent yesterday after the group, whose main shareholder is Amstrad, issued a profits warning.

Betacom's shares closed 4p lower at 11p after the company said despite optimism at the interim stage, its new cordless products "have not made the expected contribution in the second half of the financial year ended June 30".

As a result, the company warned that the results for the second half would be significantly below market expectations.

Betacom said its insistence on high quality had resulted in an interruption in the production of cordless products and a shortfall in quantities required to meet customers' orders, and added "the performance of high street customers has been below the company's expectations".

Betacom also revealed that following the consolidation of its activities at its head office in Enfield, provision has been made to cover the anticipated loss on disposal of its freehold property in Bristol.

In February, the company reported pre-tax profits of £103,000 for the six months to December 31, on turnover of £6.91m.

The market was expecting full year pre-tax profits of some £500,000, but in the wake of yesterday's announcement, this estimate was cut to about £200,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Crest Nicholson ......int	0.6†	Oct 3	nil	-	1
Donelon Tyson ......fin	nil	-	1.2	nil	1.2
Fuller Smith § ......fin	5.25	Aug 19	5	7.77	7.4
Heath (Samuel) ......fin	4.5	Aug 22	4	6	5.5
Inveresk ......int	1.84	Sept 12	-	-	3.5
OMI Intl ......fin	1	Oct 3	1	1.75	1.75
Partridge Fine ......int	1.4	Sept 8	1.2	-	2.7
Platignum ......fin	0.25	Oct 3	0.25	0.53	0.5
TR Technology ......fin	1.75	Aug 26	1.75	2.75☆	1.75
Vendôme ......fin	6.94	Sept 20	-	6.94	-
Yorkshire Elect ......fin	16.58	Oct 4	14.42	23.48	20.42

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ☆ Includes 1p special.

MONTHLY AVERAGES OF STOCK INDICES

	June	May	April	March
■ FT-SE Actuaries Indices				
100 Index	2980.3	3083.2	3130.9	3206.1
Mid 250	3508.8	3705.7	3787.3	3863.0
350 Share	1505.0	1566.8	1591.1	1627.8
Non-Financials	1618.42	1690.44	1708.83	1745.46
Financial Group	2111.15	2164.18	2240.03	2324.02
All-Share	1497.44	1559.27	1582.06	1619.80
FT-SE Eurotrack 100	1363.71	1447.64	1460.22	1437.45
FT-SE Eurotrack 200	1380.09	1462.03	1478.17	1480.53
FT-A World Index	173.49	172.44	170.23	173.00
■ FT Indices				
Government Securities	92.08	94.26	96.57	99.29
Fixed Interest	109.28	112.72	116.16	120.30
Ordinary	2343.3	2455.0	2485.3	2523.4
Gold Mines	1944.97	1881.35	1865.13	2038.30
SEAQ Bargains	23,618	25,495	35,319	35,919

	Highest Jun close	Lowest Jun close
FT-SE 100	3055.9 (10th)	2876.6 (24th)
FT-SE Mid 250	3608.5 (10th)	3363.4 (27th)
FT-SE-A 350	1544.2 (10th)	1451.3 (24th)
FT-SE-A All-Share	1535.01 (10th)	1445.85 (24th)
Ordinary	2419.3 (10th)	2240.6 (24th)

† Corrected figure.

NEWS DIGEST

Charter wins control of Esab

Charter, the diversified industrial group, has clinched voting control of Esab, the Swedish welding products company for which it made a made a recommended offer worth £390m on Wednesday.

Charter bought shares in the market on Thursday to increase the share of Esab's voting rights it has secured to 52.7 per cent. The offer has already been agreed by Incentive, the Swedish investment group and Esab's biggest shareholder, which speaks for 49 per cent the voting rights.

Donelon Tyson

Donelon Tyson, the construction and civil engineering group, fell into the red during 1993 and, as intimated in a statement in May, passed its dividend.

The results, delayed from May following slow settlement of £3.5m of contract claims, showed turnover of £72m (£66.9m restated) and losses before tax of £2.57m, against profits of £345,000.

While the construction operations remained in the black, operating losses in the joinery side widened to £1.5m (£500,000); a rationalisation programme has involved the loss of some 70 jobs. There were also operating losses of £500,000 on the rundown of the industrial insulation business.

Losses per share were 3.2p (earnings of 0.8p).

Jones & Shipman

Jones & Shipman, the machine tool manufacturer, reported pre-tax losses increased from £1.54m to £2.82m for the year to end-March.

The result was struck on turnover down from £13.4m to £10.9m and after a loss of £41,000 (£20,000 profit) from an associate and reduced interest charges of £141,000 (£332,000).

Losses per share came out at 14.4p (11.7p).

Fitch

A recovery in its US business helped Fitch, the design services group, cut losses from £3.95m to £3.18m pre-tax in the 1993 year despite continuing problems in the UK.

At the operating level there was a £294,000 loss, against £3.08m after £2.43m exceptionals. There was an operating profit of £790,000 in the US but a £1.06m loss in the UK.

The pre-tax figure was after a provision of £2.41m against an expected loss on the sale of its central London property.

Turnover fell 25 per cent to £12m (£15.9m) with a 9.6 per cent decrease on continuing operations. Losses per share came out at 9.6p (31.9p).

Anagen

Directors of Anagen said they had noted the sharp drop in the biotechnology company's shares from 70p to 58p yesterday, but said they knew no reason for the fall.

They said progress continued with the Auraflex system in line with that anticipated when the final results were announced in April. These showed a fall in 1993 pre-tax losses to £4.03m (£5.39m).

Partridge Fine Arts

Partridge Fine Arts, the antique dealer, reported a 50 per cent increase in the pre-tax profits from £1.06m to £1.56m in the six months to April 30. The outcome reflected improved trading and a £225,000 insurance policy surplus.

Turnover was £6.67m (£5.85m). Earnings per share came out at 5.09p (3.22p). An interim dividend of 1.4p (1.2p) is declared.

Samuel Heath

Samuel Heath, a maker of hardware and giftware, raised pre-tax profits by 44 per cent from £361,000 to £520,000 in the year to March 31, on turnover 8 per cent higher at £7.64m.

Earnings per share grew from 8.5p to 11.9p, while the dividend is raised to 6p (5.5p) with a proposed final of 4.5p.

Jermyn Inv

More than doubled rental income and improved results from associates enabled Jermyn Investment, the property investor, to report pre-tax profits of £151,222 for 1993, against losses of £833,972.

Rental income was £742,598 (£334,477). Over the year net assets increased to £5.22m (£4.18m). Earnings per share came out at 5.32p (45.24p losses).

Finelist

Finelist Group, the distributor of replacement vehicle parts to the automotive aftermarket, yesterday announced the proposed acquisition of part of the business and assets of EW (Holdings) and its WMB Motor Factors subsidiary for up to £20m cash.

The consideration is to be funded, in part, by a proposed 1-for-2 rights issue of 10.9m shares at 120p each to raise £12m, with the balance coming from new banking facilities.

Directors forecast pre-tax profits of £2.45m (£1.01m) for the year ended June 30 and earnings per share of 8.2p (3p). This compares with the February flotation forecast of £2.3m and 7.7p respectively.

They intend to recommend a single, final dividend of not less than 1.5p.

OMI Intl

OMI International, the electro-hydraulics, logistics and electro-optics company, reported a substantial improvement for the year to March 31 with losses falling from £5.02m to £100,000.

The figure was struck after charges of £1.24m relating to discontinued activities.

Turnover was £36.6m, including £7.47m from acquisitions, against £37.3m, including £3.75m from discontinued activities.

There was a profit before interest of £450,000 (£4.85m loss), after taking into account £999,000 of exceptional costs most of which related to losses on design and build contracts.

After a tax credit there were earnings per share of 0.1p (11.6p losses).

An unchanged final dividend of 1p maintains the total at 1.75p.

Inveresk

Inveresk, the Scottish speciality paper manufacturer which floated on the Stock Exchange last June, reported a pre-tax profit of £4.5m on turnover of £47.9m for the six months to June 4.

The outcome compared with a profit of £4.53m on turnover of £46.9m last time. Earnings per share were reduced from 8.6p to 6p, reflecting the increased number of shares following the flotation and a tax charge of 30 per cent against 9.5 per cent previously.

An interim dividend of 1.84p is declared.

Platignum

Hit by interest charges doubled from £155,000 to £312,000, pre-tax profits of Platignum, the stationery, furniture and housewares manufacturer, halved to £212,000 for the year to March 31, against £453,000 restated for FRS 3.

Turnover amounted to £21.3m (£15.1m) with acquisitions contributing £5.33m (nil).

Earnings per share dipped to 1.09p (1.83p) but an unchanged final dividend of 0.25p slightly increases the total from 0.5p to 0.53p.

Richemont to pay $180m for Italian pay-TV holding

By Ian Rodger in Zurich and Ray Snoddy in London

Richemont, the Swiss industrial holding company controlled by [redacted] South African Rupert family, [redacted] $180m [redacted] per cent [redacted] Telepiù, [redacted] pay [redacted] operator.

The vendor is Compagnie Internationale [redacted] Télécommunications.

The acquisition will transform [redacted] into [redacted] substantial force in European [redacted]. It already holds [redacted] stake in FilmNet, which broadcasts four pay-TV channels [redacted] Holland, Belgium and Scandinavia. FilmNet has more than [redacted].

Telepiù [redacted] throughout Italy [redacted] scrambled pay-TV channels featuring movies and sports events, and [redacted] unscrambled channel featuring mainly documentary [redacted] cultural programmes. It [redacted] 550,000 subscribers.

Richemont's main existing holdings are controlling [redacted] in the Rothmans International [redacted] and the Vendôme luxury [redacted], built around the Cartier and Dunhill [redacted].

Mr Johann Rupert, [redacted] director, [redacted] been attempting [redacted] diversify Richemont's interests, and [redacted] in [redacted] lossmaking FilmNet [redacted] together with [redacted] South African broadcasting [redacted].

They have overhauled [redacted] programming, but [redacted] sharply in the [redacted] March, with [redacted] of the deficit jumping [redacted] ($35.6m).

Mr Rupert [redacted] was [redacted] need for [redacted] similar overhaul [redacted] Telepiù. However, he [redacted] it would [redacted] build up the subscription list [redacted] level. "It [redacted] to [redacted] endemic in [redacted] – it takes a long time," he said.

Restructuring hits profits

Richemont has reported a 45 per cent decline in net earnings, to £115m ($177.1m), for the year ended March, mainly [redacted] of £87.1m in net restructuring charges, writes Ian Rodger.

Pre-tax profit, excluding the restructuring charges, was up 4.3 per cent to £660.3m. Both the tobacco and luxury goods [redacted] improved operating profits, in spite [redacted] group [redacted] markets.

Mr [redacted] Rupert made no comment [redacted]. However, [redacted] are recommending a 4.5 per [redacted] in [redacted] per unit [redacted] shares and participation [redacted].

Mr Rupert [redacted] the [redacted] aimed [redacted] maintain a steady growth in dividends, above the [redacted] of inflation.

"[redacted] look [redacted] our [redacted] and [redacted] condition of our underlying businesses when we [redacted] decision," [redacted] said.

Although [redacted] volume was down 8 [redacted] cent, [redacted] rose [redacted] £2.49bn, [redacted] to currency effects. Tobacco operating profit [redacted] up [redacted].

Jewellery, pen [redacted] goods [redacted] improved, but watch [redacted] were [redacted].

Among associates, contributions from [redacted] US catalogue shopping [redacted] cent, [redacted] £11m. However, [redacted] on the FilmNet [redacted] broadcasting [redacted] deepened [redacted] £25.7m from [redacted]. Mr Rupert [redacted] that [redacted] he predicted [redacted] five-year turnround for [redacted].

Of the restructuring charges, [redacted] from [redacted] capital gains [redacted] arising [redacted] various changes in shareholdings [redacted] the tobacco [redacted] luxury goods [redacted].

A further [redacted] production rationalisation [redacted] by [redacted] mans [redacted].

The portion of [redacted] uring [redacted] was [redacted].

NTT to list on UK and US markets

By Emiko Terazono [redacted] Tokyo

Nippon Telegraph [redacted] Telephone, the Japanese [redacted] communications group with [redacted] capitalisation [redacted] $137bn, plans [redacted] New York and London stock exchanges later [redacted].

The move comes at a time of increasing interest in Japanese shares among European and US investors. Although it has no immediate fund-raising plans, NTT [redacted] would provide better corporate [redacted] and [redacted] capabilities in [redacted] financial [redacted].

The barriers [redacted] foreign investment in NTT, which was privatised in 1985, were lifted in [redacted]. Foreign ownership totals 1.3 per [redacted] of the group's 15.6m outstanding [redacted].

NTT's listing will be the first by [redacted] Japanese [redacted] in London [redacted] in September [redacted] S.G. Warburg, NTT's sponsor for the listing, said [redacted] number [redacted] Japanese [redacted] anies indicating [redacted] in similar moves was increasing.

So far, 29 Japanese companies are listed on the London exchange. However, the sharp fall in corporate earnings during the past [redacted] years has slowed the trend.

NTT, in which [redacted] Japanese Ministry of Finance [redacted] shareholding, [redacted] apply for [redacted] listing [redacted] NYSE [redacted] month [redacted] LSE in [redacted].

Tokyo investors welcomed [redacted] move. NTT shares rose Y6,000 to [redacted] yesterday on hopes of an [redacted] company.

Consortium raises offer for Austrian bank stake

By Ian Rodger

A consortium of Austrian, German [redacted] Italian investors [redacted] raised its bid – [redacted] – for just under [redacted] Austrian government's [redacted] per [redacted] voting [redacted] in [redacted].

The consortium is competing with [redacted] Holding, the [redacted] financial [redacted] built around [redacted] Suisse, [redacted] buy an influential minority [redacted] in Austria's second-largest [redacted].

Mr [redacted] Karner, chief [redacted] of [redacted] insurance group EA Generali and spokesman for the consortium, presented the revised offer – for [redacted] per [redacted] of the Credi[redacted] ordinary [redacted] – [redacted] a meeting yesterday with Mr Ferdinand Lacina, the Austrian finance minister.

[redacted] of [redacted] CS Holding [redacted] not [redacted] published.

After [redacted] meeting, Mr [redacted] ner said reports [redacted] the [redacted] bid was [redacted] the government agreeing to [redacted] secondary offering [redacted] its remaining [redacted] permitted [redacted] a [redacted] standing.

[redacted] this week, Mr [redacted] condition as "[redacted] immoral".

Until now, Mr [redacted] clear his preference for the CS [redacted], seeing the [redacted] group as [redacted] partner with more [redacted], CS [redacted] it could bring [redacted] and [redacted] ment [redacted].

The [redacted] is led [redacted] Generali, [redacted] Bank, [redacted] of Germany [redacted] (BCI).

Bunnings advice

Independent directors [redacted] Bunnings, the Western Australian [redacted] products, manufacturing and merchandising [redacted] facing [redacted] A$535m (US$387.7m) bid [redacted] farmers, [redacted] advised shareholders to reject the [redacted], [redacted] Nikki Tait. They say the offer [redacted].

German telecoms prepares for float

By Quentin Peel in [redacted]

[redacted] Telekom, the [redacted] state telecommunications monopoly, yesterday [redacted] of a [redacted] restructuring designed [redacted] for privatisation in 1996.

Mr Helmut [redacted], chairman, expressed his [redacted] that privatisation [redacted] begin on schedule in 1996, with a first tranche of up [redacted] DM20bn ($12.7bn) in shares going on sale. His directors believe that up to 40 per cent of the group's future shareholders will be for[redacted].

At the same time, Mr Ricke said [redacted] "extremely [redacted]" at news that the privatisation legislation had been approved this week by the German Bundestag, the lower [redacted] parliament. [redacted] one [redacted] hurdle in the Bundesrat, the upper house, on July 8.

He revealed that the immediate effect of restructuring was [redacted] net loss for 1993 of DM2.87bn, compared with a loss of DM1.27bn in 1992, in spite of a sharp [redacted]. Turnover [redacted] 9.3 [redacted] to [redacted].

Telekom blamed [redacted] mainly [redacted] DM4.4bn [redacted] revaluation, which reduced profits [redacted] and [redacted] ment levies [redacted] DM7.6bn to DM3.2bn.

[redacted] and levies payable [redacted] federal government, including [redacted] straight 10 per cent charge on [redacted] payable instead [redacted] corporation tax, [redacted].

The [redacted] of [redacted] adjust[redacted] privati[redacted] was spelt out by Mr [redacted] and his finance director, Mr [redacted] Kröske, in the [redacted].

The [redacted] problem for the enterprise [redacted] its equity ratio – capital and reserves [redacted] a proportion of total [redacted] – has shrunk to just 22 per cent, because of the huge borrowing programme to finance investments in modernisation, notably in eastern Germany. Total

Helmut Ricke: relief at sell-off legislation's [redacted]

debt [redacted] DM107.5bn, or almost 70 [redacted] cent of the balance-sheet total, with a sharp [redacted] in [redacted] loans.

The massive investment programme in [redacted] Germany finally [redacted] slowing, with [redacted] investment in plant and machinery amount[redacted] to DM24.5bn, compared with DM27.5bn in 1992.

Mr Ricke said the key to future flexibility and competitiveness lay in the development [redacted] new and stronger subsidiaries in important [redacted] such [redacted] mobile communica[redacted] and cable television, and [redacted] push into international joint ventures.

He singled out the strategic alliance with France Télécom [redacted] include Sprint, [redacted] telecommunications company, as "the milestone [redacted] the year".

The deal would [redacted] the way for global telecommunications services, he said, providing one-stop shopping [redacted] cosmopolitan residential customers, [redacted] well as multinational business customers.

Heavy losses in the initial phase of mobile telephone [redacted] – amounting [redacted] DM800m [redacted] DeTeMobil [redacted] the D1 [redacted] alone last [redacted] – [redacted] rapidly reduced. [redacted] would be [redacted] than half that [redacted] in 1994, Mr [redacted].

Steel division boosts BHP

By Nikki Tait in Sydney

Strong growth in [redacted] helped Broken Hill Proprietary, [redacted] Australian [redacted] an [redacted] (US$927.5m) [redacted] May.

The figure [redacted] previous 12 months, rising to A$1.19bn [redacted], including a [redacted] benefit. [redacted] were [redacted] in [redacted].

Although [redacted] was broadly [redacted] analysts' forecasts, BHP [redacted] fell sharply [redacted] generally [redacted] market yesterday. They [redacted] down [redacted] A$17.74.

The [redacted] a profit [redacted] on [redacted] was [redacted] than [redacted] previous year's A$242.5m, [redacted] abnormals. BHP [redacted] higher production [redacted] – and [redacted] an improved [redacted] higher export returns.

In the minerals division, it notched up profits of A$681.7m, some A$8.8m above the underlying [redacted] figure. [redacted] year's figure was boosted by the consolidation of earnings [redacted] Tedi [redacted] mine [redacted] Papua [redacted] Guinea, where BHP last year acquired [redacted] minority interest previously held by Amoco.

The petroleum division saw an 8.5 per cent profit improvement – again, pre-abnormals – to A$500.6m, in spite of the fall in oil prices. The service companies contributed A$135.7m, up from A$75.8m, mainly due to the receipt of A$71.1m in dividends from Fosters Brewing Group, in which BHP is a [redacted].

BHP chief executive, Mr John Prescott, said the group had not adjusted the carrying [redacted] of its [redacted] in Foster's, [redacted] it expected [redacted] "to [redacted] over time". [redacted] speculation that BHP might [redacted] the holding, currently [redacted] A$2.16bn.

Italian paper group in rights issue

Cartiere Burgo, [redacted] Italian paper [redacted] packaging group, plans a rights [redacted] about L230bn ($146.7m). The money is [redacted] help [redacted] a cellulose factory [redacted] recently-acquired Belgian papermaker, writes Andrew Hill.

The operation [redacted] involve the issue of new shares at L9,000 each, on the basis of one new share for every five held. They will also carry warrants, giving the right to subscribe to a further 4.33m new shares.

Burgo has an option to buy the cellulose factory, which has annual capacity of 240,000 tonnes, before the end of [redacted]. It said economic and technical evaluation of the site was under way, and that "the first indications are increasingly interesting".

Proceeds of the rights issue will also be used for existing investment.

Recovery under way at Enichem

By Andrew Hill in Milan

Enichem, [redacted] Italian [redacted], should [redacted] this [redacted] cutting [redacted]. The group, [redacted] wholly-owned by Eni, [redacted] holding company, [redacted] a [redacted] L2,668bn ($1.7bn) in 1993, up from L1,560bn in 1992.

However, [redacted] four months of 1994, [redacted] company [redacted] managed [redacted] by 10 [redacted] cent, [redacted] increasing [redacted] from [redacted] principal products by 7 per [redacted]. Overall [redacted] are up [redacted] per [redacted] L3,711bn.

The company's [redacted] operating profit in [redacted] first four months reached L287bn, compared with L385bn for the whole of [redacted], helped by a 4 per cent fall in the cost of raw [redacted] for [redacted] petrochemi[redacted] products.

Eni [redacted] trying [redacted] Enichem [redacted] financial health with [redacted] four-year programme of restructuring and L2,500bn [redacted] sales.

WEEK [illegible] THE MARKETS

Coffee sets record tumbling

Coffee, which has been leading the averages in the world commodity league for some time, put in a performance worthy of Brian Lara this week. Records tumbled as futures prices surged on both sides of the Atlantic in response to Monday's news of damaging frosts in Brazilian growing areas.

That day's \$593-a-tonne rise for second position futures at [illegible] London Commodity Exchange was the [illegible] ever, [illegible] was the [illegible] rise on the week to \$3,198 a tonne. And, coming on top of price advances in a wide range of other commodities in recent weeks, coffee's dizzying rise lifted the Reuter Commodity index to an all-time high.

The degree of damage to next year's Brazilian coffee crop remains in doubt, with estimates of bean losses from a previously expected harvest of 24m bags (60kg each) ranging from 5m to 9m bags. Even if the damage turns out to be at the lower end of the scale, however, prospects for a price retreat will be limited by the fact that it came so early in the season, with six weeks to go before the frost risk period is over. Brazil's worst-ever coffee frost, which took out nearly three quarters of the following year's crop, hit in mid-July, 1975.

The market impact of this blow to the [illegible] crop [illegible] heightened on Thursday night by a US Department of Agriculture report indicating that the season will start with world stocks of coffee already at a historic low. The department estimated that global consumption of coffee in the 1994-95 season, at 99.6m bags, would exceed production by 9m, taking stocks below 22m. It was in response to that news that the LCE second position leapt yesterday morning to a peak of \$3,300 a tonne, traders said.

Mr Lawrence Eagles, analyst at London broker GNI, pointed out, however, that the USDA assessment was made before this weeks market fireworks and said that the higher prices might result in the deficit being reduced by as much as 2m bags. He also suggested that the Brazilian government would see the price rise as an opportunity [illegible] dispose of its 17m bags of stocks, which it saw as a constraint on its coffee policy.

At the London Metal Exchange copper lead a general upturn in base metals markets from midweek. But only aluminium and lead managed to finish with net gains. Having dipped below \$2,380 a tonne on Wednesday the three months copper price closed yesterday at \$2,441.50 a tonne, down \$26 on balance.

Aluminium's rally, which began a day earlier than copper's, was aided yesterday by news of a big cut in LME warehouse stocks, the fifth in succession. The three months price closed at \$1,510.50 a tonne, up \$20 overall and \$55.50 above Tuesday's low.

Lead was also helped by an LME stocks fall as it bounded to a 21-month high yesterday. Three months metal closes at \$582.50, up \$22 on the week, and dealers were not ruling out further gains. "Fundamentally the lead market looks quite constructive, and people are probably targeting significantly higher numbers," one told Reuter.

Precious metals fared less well. The gold finished \$6.70 down at \$385 a troy ounce, having sustained most when US investment funds turned against the market on Monday. Dealers suggested that the funds were reacting to disappointment at the metal's failure to profit from the dollar's [illegible] Silver was [illegible] lower but platinum bounced yesterday on consumer buying.

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-20,500	to 2,607,875
Aluminium alloy	-160	to 29,760
Copper	-1,725	to 353,925
Lead	-4,975	to 354,725
Nickel	+186	to 132,684
Zinc	+225	to 1,197,075
Tin	+80	to 30,965

WEEKLY PRICE CHANGES

	[illegible] prices	[illegible] on week	[illegible] ago	1994 High	1994 Low
Gold per troy oz.	[illegible]	[illegible]	\$390.00	\$396.80	[illegible]
Silver per troy oz	348.95p	-3.55	328.00p	384.50p	335.50p
Aluminium 99.7% (cash)	\$1488	+24	[illegible]	\$1486.00	[illegible]
Copper Grade [illegible] (cash)	\$2424	[illegible]	\$1923.5	\$2467.50	\$1731.50
Lead (cash)	\$568	+24.5	\$383.25	\$546.5	\$426.0
Nickel (cash)	\$6322.5	-32.5	\$5347.5	\$6490	\$6210.0
Zinc SHG (cash)	\$960	-23.5	\$926.5	\$1014	\$900.5
Tin (cash)	\$5365	-100	\$5090.0	\$5650.0	\$4730.0
Cocoa Futures Sep	£1004	+38	£747	£1036	[illegible]
[illegible] Futures Sep	\$3198	+943	[illegible]	\$3198	\$1175
Sugar (LDP Raw)	\$294.5	[illegible]	[illegible]	\$309.4	\$252.9
Barley Futures Nov	£101.10	+0.65	£108.4	[illegible]	£92.85
Wheat Futures Nov	£102.45	-0.45	£107.3	£117.50	[illegible]
Cotton Outlook A Index	82.35	-1.20	58.65c	[illegible]	[illegible]
Wool (64s Super)	426p	[illegible]	357p	[illegible]	[illegible]
Oil (Brent Blend)	\$17.63x	+0.27	[illegible]	[illegible]	\$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Aug

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne) — ALUMINIUM ALLOY (\$ per tonne) — LEAD (\$ per tonne) — NICKEL (\$ per tonne) — TIN (\$ per tonne) — ZINC, special high grade (\$ per tonne) — COPPER, grade A (\$ per tonne) — LME AM Official £/$ rate — HIGH GRADE COPPER (COMEX)

[illegible]

PRECIOUS METALS

LONDON BULLION MARKET
(Prices supplied by [illegible] Rothschild)

[illegible]

Precious Metals continued

GOLD COMEX (100 Troy oz.; \$/troy oz.) — PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) — PALLADIUM NYMEX (100 Troy oz.; \$/troy oz.) — SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

CRUDE OIL NYMEX (42,000 US galls. \$/barrel) — CRUDE OIL IPE (\$/barrel) — HEATING OIL NYMEX (42,000 US galls; c/US galls) — GAS OIL IPE — NATURAL GAS NYMEX (10,000 mmBtu; \$/mmBtu) — UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

WHEAT LCE (£ per tonne) — WHEAT CBT (5,000bu min; cents/60lb bushel) — MAIZE CBT (5,000 bu min; cents/56lb bushel) — BARLEY LCE (£ per tonne) — SOYABEANS CBT (5,000bu min; cents/60lb bushel) — SOYABEAN OIL CBT (60,000lbs; cents/lb) — SOYABEAN MEAL CBT (100 tons; \$/ton) — POTATOES LCE (£/tonne) — FREIGHT (BIFFEX) LCE (\$10/index point)

[illegible]

Spices
The recent decline of the dollar and rise of commodity prices in general have strengthened many spices markets, reports Man Producten. The currency effect is straight forward. The relation ship of advances in coffee and oil and others to spices is more subtle. Farmers and exporters in the source markets tend to grow and handle a variety of materials. In Indonesia for example, if coffee is active, the traders naturally concentrate on it. Cassia which they may also sell, will not be cut or arrive from the mountains. As a result shortages can develop. Alternatively, farmers may take profits in coffee and hold spices which appears undervalued in comparison. The nutmeg and mace markets were steady this week at levels that remained very low compared with a few years ago, while a shortage of cassia supplies from the interior of Sumatra kept prices high.

SOFTS

COCOA LCE (£/tonne) — COCOA CSCE (10 tonnes; \$/tonnes) — COCOA (ICCO) (SDR's/tonne) — COFFEE LCE (\$/tonne) — COFFEE "C" CSCE (37,500lbs; cents/lbs) — COFFEE (ICO) (US cents/pound) — No7 PREMIUM RAW SUGAR LCE (cents/lbs) — WHITE SUGAR LCE (\$/tonne) — SUGAR "11" CSCE (112,000lbs; cents/lbs) — COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Jul	85.25	+0.75	85.70	83.80	2,263	1,899
[illegible]	89.85	+0.70	89.90	87.80	14,223	2,029
Nov	92.50	+1.00	92.55	91.10	2,945	397
Jan	95.25	+1.00	95.25	94.30	[illegible]	[illegible]
Mar	[illegible]	+1.25	98.50	98.00	[illegible]	[illegible]
May	101.50	+0.75	101.50	100.45	[illegible]	2
Total					35,946	4,981

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

REUTERS (Base: 18/9/31=100)

Jul 1	Jun 30	month ago	year ago
2074.1	2063.3	1973.8	1589.5

CRB Futures (Base: 4/9/56=100)

Jun 30	Jun 29	month ago	year ago
230.89	229.38	234.35	208.73

MEAT AND LIVESTOCK

LIVE CATTLE CME (40,000lbs; cents/lbs) — LIVE HOGS CME (40,000lbs; cents/lbs) — PORK BELLIES CME (40,000lbs; cents/lb)

[illegible]

LONDON TRADED OPTIONS

ALUMINIUM (99.7%) LME — COPPER (Grade A) LME — COFFEE LCE — COCOA LCE — BRENT CRUDE IPE

[illegible]

LONDON SPOT MARKETS

CRUDE OIL FOB (per barrel/Aug) — OIL PRODUCTS NWE prompt delivery CIF (tonne) — OTHER

[illegible]

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		[illegible]	Red Date	Price	Day's change	[illegible]	Week ago	[illegible] ago
Australia		[illegible]	09/04	86.8800	-	9.64	[illegible]	[illegible]
Belgium		7.250	[illegible]	95.0100	[illegible]	8.00	[illegible]	[illegible]
Canada *		6.500	06/04	-	-	-	[illegible]	9.05
Denmark		[illegible]	[illegible]	90.0000	[illegible]	8.47	8.16	[illegible]
France	BTAN	8.000	05/98	103.5800	[illegible]	6.90	[illegible]	[illegible]
	[illegible]	5.500	[illegible]	85.8100	-	[illegible]	[illegible]	[illegible]
[illegible]		6.750	05/04	97.7400	[illegible]	[illegible]	[illegible]	[illegible]
Italy		8.500	01/04	[illegible]	[illegible]	10.63†	[illegible]	9.90
Japan	[illegible]	4.800	06/99	[illegible]	[illegible]	[illegible]	[illegible]	3.42
	[illegible]	[illegible]	12/03	88.9200	+0.270	4.26	[illegible]	4.16
Netherlands		[illegible]	01/04	[illegible]	[illegible]	7.11	[illegible]	7.01
Spain		8.000	05/04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]		6.000	08/99	90–17	+6/32	8.32	[illegible]	[illegible]
		6.750	11/04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		[illegible]	[illegible]	[illegible]	–16/32	[illegible]	[illegible]	8.39
[illegible] Treasury *		[illegible]	05/04	99–12	–1/32	7.34	7.20	[illegible]
		[illegible]	[illegible]	84–01	–4/32	[illegible]	[illegible]	[illegible]
[illegible] (French Govt)		6.000	[illegible]	[illegible]	–0.710	8.11	7.89	[illegible]

[illegible] closing, [illegible]
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal
Source: MMS International

US INTEREST RATES

[illegible]

BOND FUTURES AND OPTIONS

France — NOTIONAL FRENCH BOND FUTURES (MATIF) — LONG TERM FRENCH BOND OPTIONS (MATIF)

Germany — NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100% — BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% — NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE) DM250,000 100ths of 100%

Italy — NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100% — ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Spain — NOTIONAL SPANISH BOND FUTURES (MEFF)

UK — NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

[illegible]

LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Sep	CALLS Dec	PUTS Sep	PUTS Dec
99	2-47	[illegible]	1-49	[illegible]
100	2-11	[illegible]	2-13	[illegible]
101	1-44	2-28	2-46	4-30

Ecu — ECU BOND FUTURES (MATIF)

US — US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	[illegible]	Latest	[illegible]
Sep	101-09	101-14	+0-07

[illegible]

Japan — NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

FT-ACTUARIES FIXED INTEREST INDICES

[illegible]

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

ECONOMIC DIARY – FORWARD EVENTS

TODAY: Edouard Balladur, French prime minister, in Warsaw. US government/MIA delegation in Vietnam. International symposium on blood transfusions in Amsterdam.

TOMORROW: Presidential, parliamentary [illegible] in [illegible] Global [illegible] in [illegible] – follow-up [illegible] Rio [illegible] summit. Final Day. [illegible] Mitterrand, French president, visits South Africa. Li Peng, [illegible] premier, visits Austria.

MONDAY: Bank of Japan branch [illegible] begin two-day meeting [illegible] head office in Tokyo. Japan's May [illegible] balance/current [illegible]. UK [illegible] business [illegible]. UK official [illegible] (June). [illegible] England MO [illegible] (June). Bank of England full monetary statistics (May).

TUESDAY: State visit by King and Queen of Norway. In Edinburgh. (To July 8). [illegible] UK energy statistics (May). UK housing starts and completions (May); house renovations (first quarter).

WEDNESDAY: President Clinton in Riga for meeting with Baltic republics on economic reform. Yitzhak Rabin, Israeli prime minister, Shimon Peres, foreign minister, and [illegible] Arafat, PLO chairman, in Paris [illegible] 1993 Felix [illegible]phouet-Boigny Peace Price at Unesco. UK index of production (May). UK overseas travel and tourism (April).

THURSDAY: Danish elections [illegible] Islands [illegible] parliament. European Union housing ministers [illegible] in [illegible]. Proposed [illegible] for run-off round [illegible] Belarussian presidential [illegible]. Bundesbank [illegible] meeting in Frankfurt. Details [illegible] employment, unemployment, earnings, prices and [illegible] UK indicators. Cyclical indicators [illegible] UK economy [illegible].

FRIDAY: Group [illegible] nomic summit in Naples (to July 10). Tomiichi Murayama, Japan's new prime minister, to hold talks with President Clinton in Naples. US-North Korea [illegible] in [illegible]. Church [illegible] England General Synod meeting in York. EU social affairs ministers meet in Dortmund. UK balance of visible [illegible] (April). UK economic accounts (first quarter).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar struggles

The dollar limped to the end of a difficult week yesterday as the market cast its view ahead to next week's rash of important G3 central bank meetings and the G7 summit in Naples, *writes Philip Gawith.*

The US currency flattered to deceive, being unable to hold onto early gains which saw it recover from a post-war low [illegible] Y97.63 reached in Tokyo.

It closed in London [illegible] DM1.5946 after earlier reaching DM1.6025.

Elsewhere in Europe, the Swedish krona and Italian lira were the focus of attention with both currencies suffering from worries about the state of public finances in the respective countries.

Sterling had an uneventful day, finishing at DM2.4525 from DM 2.4564, and $1.538 from $1.5435.

■ Trade was fairly muted yesterday, with many investors taking to the sidelines ahead of the Independence day long [illegible] the US, and next week's meetings.

The nervous response of the market, however, to rumours that the Bank of Japan might cut its discount rate prompted some traders to predict a bumpy ride next week. Others said that investors would probably sit on the sidelines until after the G7 summit.

Mr Mark Geddes, treasury economist at Midland Global Markets, commented: "Market expectations are building that we will get some sort of concerted G3 policy next week."

Rumours of BOJ intervention were fuelled by comments from Mr Lloyd Bentsen, the US treasury secretary, that the dollar and world growth would be helped by German and Japanese rate cuts.

The dollar gave up its earlier gains during [illegible] European trading. Some traders were disappointed [illegible] the [illegible] banks had not chosen to inter[illegible], saying the combination of [illegible] rising currency and thin Friday trade was opportune.

The June purchasing managers index, where the pricing component rose to a six year high, was largely ignored by the market.

■ The krona and the lira were [illegible] of attention in Europe. After threatening in early trade to breach the L1,000 level against the D-Mark, falling as low as L999.70, the Italian currency recovered to close unchanged [illegible] London at L994.7. There were unconfirmed rumours that the Bank of Italy had intervened to support the currency.

The lira touched a record low against the [illegible] of L1,010.50 on December 2, 1993. Apart from concerns about the budget deficit, [illegible] said [illegible] driven the currency lower. Volumes were reported to be low, and price movements volatile.

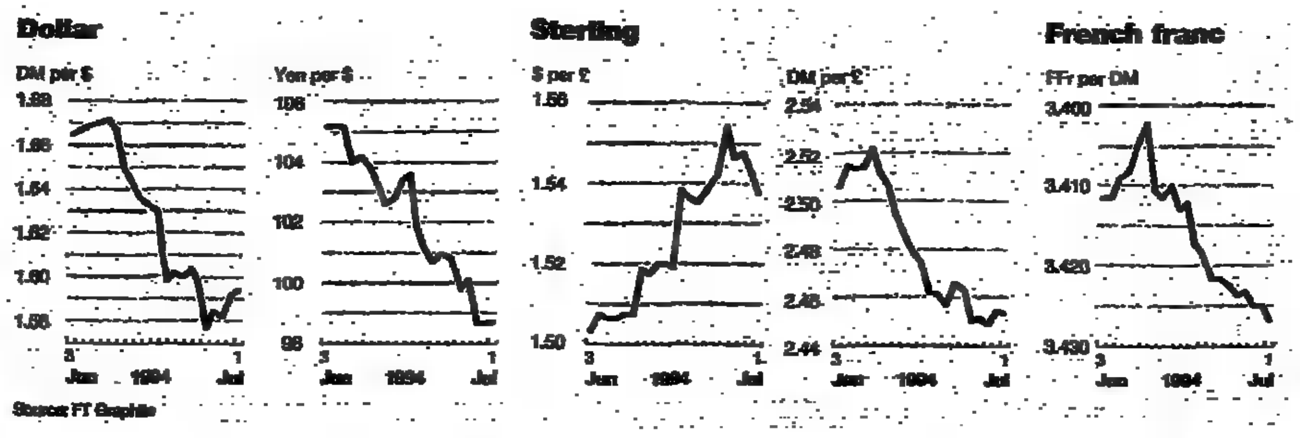
The [illegible] krona [illegible] at SKr4.906, up from a low of SKr4.9650, against the D-Mark. Part of [illegible] in [illegible] Swedish currency was attributable to rumours that Skandia Insurance was refusing to buy [illegible] bonds, aggravating fears about a lack of progress in dealing with the budget deficit.

■ Activity in the interest rate [illegible] very muted. [illegible] December [illegible] sterling contract finished unchanged [illegible] 93.71, while [illegible] euromark [illegible] from [illegible].

The Bank of England provided [illegible] to the market after forecasting a £850m shortage.

■ Pound in New York

Jul 1	—Latest—	— Prev. close —
£ spot	1.5395	1.5440
1 mth	1.5390	1.5434
3 mth	1.5385	1.5428
1 yr	1.5350	1.5388



Source: FT Graphite

■ OTHER CURRENCIES

Jul 1	£	$
Hungary	157.498 - 157.855	102.430 - 102.480
Iran	2699.00 - 2707.00	1748.00 - 1750.00
Kuwait	0.4544 - 0.4554	0.2955 - 0.2960
Poland	34985.2 - 34614.0	22480.0 - 22500.0
Russia	3056.01 - 3083.78	1987.80 - 1992.00
U.A.E.	5.6492 - 5.6577	3.6715 - 3.6735

POUND SPOT FORWARD AGAINST THE POUND

Jul 1		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	[illegible]	17.2849	[illegible]	[illegible]	[illegible]	[illegible]	17.2811	[illegible]	[illegible]	[illegible]	-	-	114.7
Belgium	[illegible]	[illegible]	-0.0247	025 - 441	50.7410	50.1630	[illegible]	0.2	50.5583	-0.3	[illegible]	-0.1	[illegible]
Denmark	(DKr)	[illegible]	-0.015	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-1.0	[illegible]	[illegible]	[illegible]
Finland	(FM)	[illegible]	-0.0004	754 - 944	[illegible]	[illegible]	-	-	-	-	-	-	[illegible]
France	(FFr)	8.4044	-0.0213	[illegible]	[illegible]	8.3781	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.1	109.1
Germany	(DM)	[illegible]	-0.0039	512 - 537	[illegible]	[illegible]	[illegible]	[illegible]	2.453	-0.1	[illegible]	[illegible]	[illegible]
Greece	(Dr)	[illegible]	+0.306	715 - 524	371.591	368.486	-	-	-	-	-	-	-
Ireland	(I£)	1.0114	[illegible]	108 - 122	[illegible]	1.0108	[illegible]	[illegible]	1.0125	[illegible]	1.0141	[illegible]	104.9
Italy	(L)	[illegible]	-4.86	679 - 036	2456.49	2430.83	2444.98	-3.1	2457.26	-3.1	2503.53	-2.7	76.2
Luxembourg	(LFr)	[illegible]	[illegible]	025 - 441	[illegible]	50.1630	50.5133	[illegible]	50.5583	[illegible]	[illegible]	-0.1	[illegible]
Netherlands	(Fl)	2.7504	-0.0047	[illegible]	[illegible]	2.7421	[illegible]	0.0	[illegible]	0.1	[illegible]	[illegible]	[illegible]
Norway	(NKr)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.7146	[illegible]	[illegible]
Portugal	(Es)	252.632	-0.509	489 - 776	253.353	250.880	253.607	-4.6	256.552	-4.6	-	-	-
Spain	(Pta)	202.324	-0.802	194 - 453	203.504	201.085	202.794	-2.8	203.889	-2.7	208.499	-2.1	[illegible]
Sweden	[illegible]	[illegible]	+0.1721	[illegible]	[illegible]	11.7723	[illegible]	[illegible]	12.0811	-1.9	[illegible]	-1.8	[illegible]
Switzerland	(SFr)	2.0571	-0.006	558 - 584	[illegible]	2.0540	[illegible]	0.7	[illegible]	[illegible]	2.0286	1.4	120.7
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	[illegible]
Ecu	-	1.2826	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.9	[illegible]	[illegible]	[illegible]	-0.2	-
SDR†	-	0.840378	-	-	-	-	-	-	-	-	-	-	-
[illegible]													
Argentina	[illegible]	[illegible]	-0.0062	[illegible]	[illegible]	[illegible]	-	-	-	-	-	-	-
Brazil	[illegible]	[illegible]	+91.11	[illegible] - 080	-	-	-	-	-	-	-	-	-
Canada	[illegible]	2.1250	-0.0074	[illegible]	[illegible]	[illegible]	[illegible]	-1.0	[illegible]	-1.3	[illegible]	-1.6	86.1
[illegible] (New Peso)		[illegible]	-0.0107	[illegible]	[illegible]	5.1974	-	-	-	-	-	-	-
USA	($)	1.5380	-0.0065	376 - 384	1.5447	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pacific/Middle East/Africa													
Australia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.1101	[illegible]	2.1085	0.4	[illegible]	[illegible]	-
Hong Kong	[illegible]	[illegible]	[illegible]	[illegible] - 909	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.1	-
India	[illegible]	48.2452	[illegible]	268 - 635	48.2635	48.2268	-	-	-	-	-	-	-
Japan	(Y)	[illegible]	-0.446	[illegible]	[illegible]	[illegible]	[illegible]	3.1	[illegible]	3.1	[illegible]	[illegible]	[illegible]
Malaysia	(M$)	4.0059	[illegible]	041 - 077	[illegible]	[illegible]	-	-	-	-	-	-	-
New Zealand	[illegible]	[illegible]	-0.0199	717 - 782	2.5934	2.5828	[illegible]	[illegible]	2.5784	-0.4	2.5829	-0.4	-
Philippines	[illegible]	41.5281	-0.1471	077 - 446	42.2867	41.2077	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.7681	[illegible]	[illegible]	5.7929	[illegible]	-	-	-	-	-	-	-
Singapore	[illegible]	2.3482	-0.0107	419 - 445	[illegible]	2.3337	-	-	-	-	-	-	-
S Africa (Com.)	(R)	[illegible]	-0.0223	122 - 182	5.6397	5.5944	-	-	-	-	-	-	-
S Africa (Fin.)	[illegible]	7.3132	-0.0259	959 - 305	[illegible]	[illegible]	-	-	-	-	-	-	-
South Korea	[illegible]	[illegible]	-4.39	777 - 857	1243.48	1231.80	-	-	-	-	-	-	-
Taiwan	(T$)	[illegible]	[illegible]	[illegible]	41.4166	41.0416	-	-	-	-	-	-	-
Thailand	[illegible]	[illegible]	[illegible]	708 - 215	38.6150	38.5110	-	-	-	-	-	-	-

†SDR rate for Jun 30. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. [illegible] index [illegible] by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some [illegible] and [illegible] by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jul 1		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	low	One month Rate	%PA	Three months Rate	%PA	[illegible]	%PA	J.P. [illegible]
Europe													
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.251	[illegible]	[illegible]	[illegible]	[illegible]
Belgium	[illegible]	[illegible]	[illegible]	450 - 550	[illegible]	[illegible]	[illegible]	-0.7	32.9	-0.6	[illegible]	[illegible]	[illegible]
Denmark	[illegible]	[illegible]	+0.0124	612 - 632	[illegible]	[illegible]	[illegible]	-1.3	[illegible]	-1.3	[illegible]	[illegible]	[illegible]
Finland	(FM)	[illegible]	+0.0186	170 - 266	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.6	[illegible]	-0.5	[illegible]
France	(FFr)	[illegible]	[illegible]	[illegible]	5.5030	[illegible]	[illegible]	-1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Germany	(D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.2	[illegible]	[illegible]	[illegible]
Greece	(Dr)	[illegible]	[illegible]	100 - 500	[illegible]	[illegible]	[illegible]	-6.7	[illegible]	[illegible]	[illegible]	-1.9	69.2
Ireland	(I£)	[illegible]	-0.0003	198 - 215	[illegible]	[illegible]	[illegible]	[illegible]	1.5177	[illegible]	1.5119	[illegible]	-
Italy	(L)	[illegible]	+2.45	[illegible]	[illegible]	1577.00	[illegible]	[illegible]	[illegible]	-3.4	[illegible]	-3.0	[illegible]
Luxembourg	(LFr)	[illegible]	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Netherlands	(Fl)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	(NKr)	[illegible]	+0.0232	[illegible]	7.0291	[illegible]	[illegible]	-0.4	[illegible]	-0.4	[illegible]	[illegible]	[illegible]
Portugal	(Es)	[illegible]	[illegible]	210 - 310	165.370	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain	[illegible]	131.550	[illegible]	[illegible] - 000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-3.0	[illegible]	-2.4	[illegible]
Sweden	[illegible]	[illegible]	+0.1391	201 - 276	7.9575	[illegible]	7.8399	[illegible]	[illegible]	-2.2	[illegible]	-2.1	80.3
[illegible]	(SFr)	1.3375	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.2	[illegible]	[illegible]	[illegible]	1.1	[illegible]
UK	(£)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	88.2
Ecu	-	1.1892	[illegible]	[illegible]	1.2062	[illegible]	[illegible]	1.4	[illegible]	1.1	[illegible]	[illegible]	-
SDR†	-	[illegible]	-	-	-	-	-	-	-	-	-	-	-
Americas													
[illegible]	(Peso)	0.9977	-0.0005	976 - 977	[illegible]	[illegible]	-	-	-	-	-	-	-
Brazil	(Cr)	2750.00	+68.75	000 - 000	2750.00	2750.00	-	-	-	-	-	-	-
Canada	[illegible]	[illegible]	+0.0001	814 - 819	[illegible]	1.3790	[illegible]	-1.5	[illegible]	-1.6	[illegible]	-2.1	[illegible]
Mexico (New Peso)		[illegible]	[illegible]	[illegible]	3.3950	[illegible]	[illegible]	-0.4	[illegible]	-0.3	[illegible]	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	[illegible]
[illegible]													
Australia	[illegible]	[illegible]	[illegible]	719 - 729	[illegible]	1.3682	[illegible]	[illegible]	[illegible]	-0.1	[illegible]	[illegible]	[illegible]
[illegible]	(HK$)	7.7292	-0.0003	[illegible]	7.7300	7.7286	[illegible]	[illegible]	[illegible]	-0.1	7.7465	[illegible]	-
India	[illegible]	[illegible]	[illegible]	650 - [illegible]	[illegible]	[illegible]	[illegible]	-3.1	[illegible]	[illegible]	-	-	-
Japan	(Y)	98.7050	+0.06	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.9	96.405	[illegible]	[illegible]
Malaysia	(M$)	[illegible]	+0.0017	041 - 051	2.6055	[illegible]	[illegible]	[illegible]	[illegible]	1.7	2.6246	-0.8	-
New Zealand	(NZ$)	[illegible]	[illegible]	[illegible]	[illegible]	1.6711	1.675	-1.3	[illegible]	-1.5	[illegible]	-1.7	-
[illegible]	[illegible]	27.0000	-	000 - 000	27.2000	26.8000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7510	+0.0006	505 - 515	3.7516	3.7505	3.7515	[illegible]	[illegible]	[illegible]	[illegible]	-0.4	-
Singapore	(S$)	1.5236	-0.0015	231 - 240	1.5252	[illegible]	[illegible]	[illegible]	[illegible]	0.3	[illegible]	-0.1	-
S Africa (Com.)	[illegible]	3.6510	-0.0015	500 - 520	[illegible]	3.6480	[illegible]	-5.1	[illegible]	-4.8	[illegible]	-3.3	-
S Africa (Fin.)	(R)	4.7550	-	450 - 650	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-7.8	-	-	-
South Korea	(Won)	805.050	-	000 - 100	805.200	805.000	808.05	-4.5	811.85	-3.2	[illegible]	-3.1	-
Taiwan	(T$)	26.8190	-	135 - 245	[illegible]	26.8125	[illegible]	-0.9	[illegible]	[illegible]	-	-	-
Thailand	[illegible]	25.0300	[illegible]	[illegible]	[illegible]	25.0000	[illegible]	-3.5	[illegible]	[illegible]	[illegible]	-2.7	-

†SDR rate for Jun 30. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland [illegible] ECU are quoted in US currency. J.P. Morgan nominal indices Jun 30. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jul 1		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	500.0	400.4	[illegible]	4.072	1.979	[illegible]	[illegible]	[illegible]	[illegible]
Denmark	(DKr)	[illegible]	10	[illegible]	2.546	1.050	[illegible]	[illegible]	11.13	[illegible]	210.1	12.49	[illegible]	[illegible]	2.206	1.597	157.6	1.332
France	[illegible]	[illegible]	11.46	10	2.918	[illegible]	2902	3.272	12.76	[illegible]	[illegible]	14.31	[illegible]	1.190	[illegible]	1.830	180.6	1.527
Germany	(DM)	[illegible]	3.928	[illegible]	1	0.412	[illegible]	1.122	[illegible]	[illegible]	82.50	[illegible]	0.839	0.408	0.867	0.627	61.91	0.523
Ireland	(I£)	[illegible]	[illegible]	8.313	[illegible]	1	[illegible]	2.720	[illegible]	[illegible]	200.1	[illegible]	[illegible]	0.989	2.102	1.521	150.1	1.269
Italy	[illegible]	[illegible]	0.395	[illegible]	[illegible]	0.041	100.	[illegible]	[illegible]	10.36	8.294	[illegible]	[illegible]	0.041	0.087	0.063	[illegible]	[illegible]
Netherlands	(Fl)	[illegible]	3.502	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	91.85	73.58	[illegible]	0.746	[illegible]	0.773	[illegible]	55.20	0.467
Norway	[illegible]	47.13	[illegible]	7.840	[illegible]	[illegible]	2275	2.565	[illegible]	[illegible]	[illegible]	11.22	[illegible]	[illegible]	1.982	1.435	141.8	[illegible]
Portugal	[illegible]	20.00	[illegible]	[illegible]	[illegible]	0.400	[illegible]	[illegible]	[illegible]	100.	[illegible]	4.762	[illegible]	[illegible]	[illegible]	0.609	60.10	0.508
Spain	[illegible]	24.97	[illegible]	[illegible]	1.212	0.500	1208	[illegible]	5.289	[illegible]	100.	[illegible]	1.017	[illegible]	[illegible]	0.760	75.04	0.634
Sweden	[illegible]	42.00	[illegible]	[illegible]	2.086	[illegible]	[illegible]	2.286	[illegible]	[illegible]	[illegible]	10	1.710	[illegible]	[illegible]	1.278	126.2	1.067
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.491	[illegible]	[illegible]	6.211	[illegible]	[illegible]	[illegible]	1	[illegible]	[illegible]	0.748	73.80	0.624
UK	(£)	[illegible]	9.631	8.404	[illegible]	1.011	[illegible]	2.750	[illegible]	[illegible]	[illegible]	12.03	2.057	1	2.125	1.538	151.8	[illegible]
Canada	(C$)	[illegible]	[illegible]	[illegible]	1.164	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	95.20	5.661	[illegible]	[illegible]	1	0.724	[illegible]	0.604
US	($)	32.85	6.262	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.337	0.650	1.382	1	98.70	0.834
Japan	(Y)	[illegible]	[illegible]	[illegible]	[illegible]	6.660	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.589	[illegible]	10.13	1000.	8.462
Ecu		38.38	7.507	6.550	1.911	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	157.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	118.3	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	0.6300	0.6252	[illegible]	0.6306	[illegible]	[illegible]	85,130
Dec	-	0.6256	-	-	0.6253	389	[illegible]
Mar	-	0.6320	-	-	-	1	[illegible]

■ [illegible] YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
[illegible]	1.0213	[illegible]	[illegible]	1.0291	1.0096	28,707	64,085
[illegible]	[illegible]	[illegible]	[illegible]	1.0360	1.0200	973	3,283
[illegible]	-	1.0290	-	-	1.0290	6	664

■ [illegible] FUTURES [illegible] SFr 125,000 [illegible]

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	-0.0040	[illegible]	0.7480	[illegible]	838
Mar	-	0.7562	-	-	-	2	[illegible]

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	37,733
Dec	[illegible]	[illegible]	[illegible]	1.5350	[illegible]	41	[illegible]
Mar	-	1.5414	-	-	-	17	[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

Jul 1	Ecu cen. rates	Rate against Ecu	[illegible] on day	% +/- from cen. rate	% spread v weakest	[illegible] ind.
Ireland	0.809628	[illegible]	[illegible]	-2.07	4.99	[illegible]
Netherlands	2.19672	[illegible]	[illegible]	-1.90	4.81	-
Belgium	40.2123	39.5910	[illegible]	-1.55	4.43	11
Germany	[illegible]	[illegible]	+0.00009	-1.45	4.33	-
France	6.53883	6.58569	-0.00281	0.72	2.08	-6
Denmark	7.43679	7.54294	[illegible]	[illegible]	1.37	-10
Portugal	192.854	197.871	-0.115	2.60	0.21	-17
Spain	154.250	158.592	-0.043	2.81	[illegible]	-20
NON ERM MEMBERS						
Greece	264.513	289.692	-0.213	[illegible]	-6.11	-
Italy	1793.19	[illegible]	+0.44	6.53	-3.48	-
UK	0.786749	[illegible]	[illegible]	[illegible]	3.43	-

Ecu central rates set by the European Commission. Currencies are in [illegible] relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ [illegible] £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jul	Aug	[illegible]	PUTS Jul	[illegible]	Sep
1.450	8.85	8.40	8.54	-	0.08	0.30
1.475	5.94	6.16	6.48	-	[illegible]	0.66
1.500	3.61	4.11	[illegible]	0.16	0.70	1.23
1.525	1.73	2.49	3.09	0.72	[illegible]	2.16
1.550	0.57	1.32	[illegible]	2.08	2.77	3.44
1.575	0.12	[illegible]	1.13	4.05	4.58	5.10

Previous day's vol., Calls 131,771 Puts 136,370. Prev. day's open int., Calls 570,746 Puts 466,436

WORLD INTEREST RATES

MONEY RATES

July 1	Over night	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Dis. [illegible]	[illegible]
Belgium	5	5¼	5⅜	[illegible]	6⅛	7.40	[illegible]	-
week ago	5⅛	[illegible]	5⅜	[illegible]	6⅛	[illegible]	[illegible]	-
France	5⅝	5⅝	5⅝	[illegible]	[illegible]	5.10	-	[illegible]
week ago	[illegible]	[illegible]	[illegible]	[illegible]	6⅛	[illegible]	-	[illegible]
Germany	[illegible]	4.95	4.95	[illegible]	[illegible]	[illegible]	4.50	5.05
week ago	4.90	[illegible]	[illegible]	5.00	[illegible]	[illegible]	[illegible]	[illegible]
Ireland	5⅛	5⅞	5¾	6⅛	6⅜	-	-	6.25
week ago	5⅛	[illegible]	5⅝	5⅞	6⅜	-	-	6.25
Italy	8	[illegible]	8⅛	[illegible]	9⅛	-	[illegible]	8.00
week ago	[illegible]	8⅛	8⅛	[illegible]	[illegible]	-	[illegible]	7.60
Netherlands	[illegible]	[illegible]	[illegible]	5.06	[illegible]	-	5.25	-
week ago	[illegible]	[illegible]	5.01	[illegible]	5.25	-	5.25	-
Switzerland	3⅝	4⅛	4⅛	4⅛	4⅜	[illegible]	3.50	-
week ago	[illegible]	4⅛	4⅛	[illegible]	[illegible]	[illegible]	[illegible]	-
US	4⅜	4⅜	4⅝	[illegible]	5⅜	-	[illegible]	-
week ago	4⅛	[illegible]	4⅝	[illegible]	5⅜	-	3.50	-
Japan	2⅛	[illegible]	2⅛	[illegible]	2⅛	-	[illegible]	-
week ago	2⅛	[illegible]	2⅛	2⅛	2⅛	-	[illegible]	-
■ $ LIBOR FT London								
Interbank Fixing	-	4⅝	4⅞	5⅛	5⅝	-	-	-
week ago	-	4⅝	4⅞	5	5⅝	-	-	-
US Dollar CDs	-	4.45	4.74	5.04	5.61	-	-	-
week ago	-	4.45	4.42	4.75	5.34	-	-	-
SDR Linked Ds	-	3⅝	3⅞	3⅞	4	-	-	-
week ago	-	3⅝	3⅞	3⅞	4	-	-	-

ECU Linked Ds mid rates: 1 mth: 5⅜; 3 mths: 5⅞; 6 mths: 6; 1 year: 6⅛. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National [illegible].
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jul 1	Short term	7 days notice	One month	Three [illegible]	Six [illegible]	One year
Belgian Franc	5⅛ - 4⅞	5⅛ - 4⅞	5⅝ - 5⅛	5⅞ - 5¾	6⅛ - 5⅞	6⅛ - 5⅞
Danish Krone	5¼ - 5	5⅝ - 5½	6 - 5⅞	6⅛ - 5⅞	6¼ - 6	6¼ - 6
D-Mark	5⅛ - 5⅛	5⅛ - 5	5⅛ - 4⅞	5⅛ - 4⅞	5⅛ - 4⅞	5⅛ - 5⅛
Dutch Guilder	5 - 4⅞	5 - 4⅞	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5	5⅛ - 5⅛
French Franc	5½ - 5⅜	5½ - 5⅜	5½ - 5⅜	5⅝ - 5½	5⅞ - 5⅞	6⅛ - 5⅞
Portuguese Esc.	17⅞ - 12	14½ - 13½	15 - 14	14¼ - 13¼	13¼ - 12¼	12½ - 11½
Spanish Peseta	7⅝ - 7⅜	7⅞ - 7⅝	7⅝ - 7½	7⅞ - 7⅞	8⅛ - 7⅞	8⅜ - 8⅛
Sterling	4⅞ - 4⅝	4⅞ - 4⅝	5⅛ - 5	5⅜ - 5⅛	5½ - 5⅜	6⅛ - 6⅛
Swiss Franc	4⅛ - 4	4⅛ - 4	4⅛ - 4⅛	4⅜ - 4⅜	4⅞ - 4⅝	4⅞ - 4½
Can. Dollar	5⅜ - 5⅛	5⅞ - 5⅝	6 - 5⅞	6⅞ - 6⅝	7¼ - 7⅛	7⅞ - 7⅝
US Dollar	4⅞ - 4⅛	4½ - 4⅜	4⅝ - 4½	4⅞ - 4⅞	5⅜ - 5⅜	5⅞ - 5⅜
Italian Lira	9 - 7½	8⅛ - 8	8⅞ - 8⅜	8⅞ - 8½	8⅞ - 8⅞	9⅛ - [illegible]
Yen	2 - 1⅞	2⅛ - 2	2⅛ - 2	2⅛ - 2⅛	2⅜ - 2⅛	2⅝ - 2½
Asian $Sing	3⅞ - 3⅝	3⅞ - 3⅝	4⅛ - 4⅛	4⅜ - 4⅛	5⅛ - 5⅛	5⅝ - 5⅝

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	[illegible]	Change	High	Low	Est. vol	Open int.
Sep	94.33	94.34	[illegible]	94.35	94.32	8,670	56,406
Dec	94.13	94.12	[illegible]	94.15	94.06	7,856	39,831
Mar	93.94	93.95	[illegible]	93.94	93.83	7,218	30,548
Jun	93.60	93.57	[illegible]	93.61	93.54	3,205	23,726

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	[illegible]	[illegible]	-0.04	94.57	94.56	[illegible]	2303
Dec	[illegible]	93.95	-0.05	93.98	93.98	100	2032
Mar	-	93.67	-0.04	-	-	0	[illegible]
Jun	-	93.37	-0.05	-	-	0	[illegible]

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	[illegible]	[illegible]	[illegible]	[illegible]	Low	Est. vol	Open int.
Sep	[illegible]	95.13	+0.02	95.14	95.11	9739	192874
Dec	94.90	94.94	+0.03	94.96	94.89	[illegible]	195723
Mar	94.63	94.66	[illegible]	94.68	94.60	[illegible]	182784
Jun	94.28	94.33	[illegible]	94.34	94.24	9697	98594

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	[illegible]	Change	[illegible]	Low	Est. vol	Open int.
Sep	91.28	91.24	-0.08	91.33	91.13	6650	37839
Dec	91.00	90.94	[illegible]	91.05	90.80	2782	46713
Mar	90.63	90.61	[illegible]	[illegible]	[illegible]	1054	12678
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	527	9508

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	[illegible]	[illegible]	[illegible]	Low	Est. vol	Open int.
[illegible]	95.68	95.66	[illegible]	95.69	95.60	1853	27448
Dec	95.42	95.43	-	95.43	95.41	949	[illegible]
Mar	95.09	95.11	-	[illegible]	95.09	[illegible]	9630
Jun	94.73	94.74	-	94.73	94.73	40	[illegible]

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	[illegible]	[illegible]	High	Low	Est. vol	Open int.
Sep	94.07	94.03	-0.03	94.07	94.02	403	11322
Dec	93.81	93.77	[illegible]	93.81	93.72	297	8123
Mar	93.49	93.46	[illegible]	93.49	93.43	314	[illegible]
Jun	93.08	93.09	[illegible]	93.10	93.05	73	779

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	[illegible]	[illegible]	Low	Est. vol	Open int.
Sep	94.64	94.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	93.94	93.97	[illegible]	93.99	93.94	[illegible]	[illegible]
Mar	93.67	[illegible]	[illegible]	93.71	[illegible]	84,679	308,324

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

Sep	[illegible]	[illegible]	[illegible]	95.13	[illegible]	2,179	21,697
Dec	94.56	94.56	[illegible]	94.58	94.56	546	8,849
Mar	-	[illegible]	-	94.27	-	454	1,296

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Jul	[illegible]	[illegible]	Dec	PUTS Jul	Aug	[illegible]	Dec
9500	0.16	0.17	0.20	[illegible]	0.03	0.04	0.07	0.27
9525	0.02	0.05	[illegible]	[illegible]	0.14	0.17	0.19	0.42
9550	0	[illegible]	0.02	0.08	0.37	0.38	0.39	0.62

Est. [illegible] total, Calls 4305 Puts 2626. Previous day's open int., Calls 216407 Puts 147040

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	[illegible]
9550	0.26	0.20	0.21	0.08	0.27	0.60
9575	0.11	0.11	[illegible]	0.18	0.43	0.77
9600	0.04	0.05	0.07	0.36	0.62	0.96

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 305 Puts 1025

UK INTEREST RATES

LONDON MONEY RATES

Jul 1	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5⅛ - 4½	5⅛ - 4⅞	5⅛ - 4⅞	5¼ - 5	5½ - 5⅜	6¼ - 6⅛
Sterling CDs	-	-	5 - 4⅞	5⅛ - 5⅛	5⅞ - 5¼	6⅛ - 6
Treasury Bills	-	-	4⅞ - 4⅞	4⅞ - 4⅞	-	-
Bank Bills	-	-	4⅞ - 4⅞	5 - 4⅞	5⅜ - 5⅜	-
Local authority deps.	5¼ - 5⅛	4⅞ - 4⅞	5 - 4⅞	5⅛ - 5⅛	5⅞ - 5⅜	6⅛ - 6⅛
Discount Market deps	5½ - 4¾	5 - 4⅞	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 [illegible]	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.9[illegible]pc. ECGD fixed rate Stg. Export Finance. Make up day June 30, 1994. Agreed rate for period Jul 26, 1994 to Aug 25, 1994, Schemes II & III 6.44pc. Reference rate for period Jun 1, 1994 to June 30, 1994, Schemes IV & V 5.187pc. Finance House Base Rate 5½pc from July 1, [illegible]

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Sep	94.38	94.39	+0.02	94.40	94.35	6932	104476
Dec	93.71	[illegible]	-	93.75	93.68	12853	142227
Mar	93.04	93.08	-	93.07	92.99	3735	86786
Jun	92.44	92.43	-0.01	92.49	92.39	1421	52295

Traded on APT. All Open Interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Sep	Dec	Mar	PUTS Sep	Dec	Mar
9425	0.24	0.13	0.08	0.10	0.67	1.30
9450	0.08	0.07	0.04	0.20	0.86	1.51
9475	0.02	0.04	0.02	0.38	1.08	1.74

Est. vol. total, Calls 2970 Puts 8434. Previous day's open int., Calls 201366 Puts 164809

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	*Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	[illegible] Bank Limited	[illegible]	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	TSB	5.25
Bank of Baroda	5.25	Girobank	5.25	●United Bk of Kuwait	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	Unity Trust Bank Plc	5.25
Bank of Cyprus	5.25	Habib Bank AG Zurich	5.25	Western Trust	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Whiteaway Laidlaw	5.25
Bank of India	5.25	Heritable & Gen Inv Bk	5.25	Yorkshire Bank	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25		
Barclays Bank	5.25	C. Hoare & Co	5.25	● [illegible] of [illegible] Banking [illegible]	
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25	* In administration	
●Brown Shipley & Co Ltd	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
Clydesdale Bank	5.25	Meghraj Bank Ltd	5.25		
The Co-operative Bank	5.25	Midland Bank	5.25		
Coutts & Co	5.25	* Mount Banking	6		
Credit Lyonnais	5.25	NatWestminster	5.25		
Cyprus Popular Bank	5.25	●Rea Brothers	5.25		

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. Compounded Annual Rate. Int. Pd: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ϕ Bargains done the previous day.

British Funds, etc

Treasury 13¼% Stk 2000/03 - £123⅝ (29Je94)
Exchequer 10½% Stk 2005 - £111⅞ (24Je94)

Corporation and County Stocks

Birmingham Corp 2½% Stk 1926(or after) - £27 (24Je94)
Birmingham Corp 3% (1902) 1932(or after) - £31½ (24Je94)

[illegible]

UK Public Boards

[illegible]

Foreign Stocks, Bonds, etc-(coupons payable in London)

[illegible]

Kansai Electric Power Co Inc 7⅛% Nts 1998 (Br £ Var) - £98½ [illegible]
Kyushu Electric Power Co Inc 8% Nts 1997 (Br £ Var) - £99.37 .45
Ladbroke Group PLC 6⅞% Bds 2003 (Br £ Var) - £97½ (29Je94)
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br£5000&100000) - £97½ (29Je94)
Land Securities PLC 9½% Bds 2007(Br£1000&10000) - £98½ 100¼
Land Securities PLC 9⅜% Cnv Bds 2004 (Br£5000&50000) - £109¾ϕ
Lasmo PLC 7¾% Cnv Bds 2005(Br£1000&10000) - £84¾ (24Je94)

Leeds Permanent Building Society 7½% Nts 1997(Br£Var) - £97⅛ (28Je94)
Leeds Permanent Building Society 10½% Subord Bds 2018 (Br £Var) - £105¾
Leeds Permanent Building Society 11½% Nts 1996 (Br £5000&100000) - £106⅛ (27Je94)
Leeds Permanent Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £94 (27Je94)
Lloyds Bank PLC 7⅜% Subord Bds 2004(Br£Various) - £86.3ϕ .68ϕ
Lloyds Bank PLC 9⅝% Subord Bds 2023 (Br £ Var) - £98 ¾ (24Je94)
London Electricity PLC 8% Bds 2003 (Br £ Var) - £92.8 (28Je94)
MEPC PLC 10¼% Bds [illegible]

[illegible]

£184½ (27Je94)

Sterling Issues by Overseas Borrowers

[illegible]

Listed Companies(excluding Investment Trusts)

ASH Capital Finance(Jersey)[illegible]% Cnv Cap Bds 2006 (Reg Units [illegible]) - £82 (27Je94)
Aberdeen Trust PLC Wts to sub for Ord - 60 (27Je94)
Aberdeen Trust PLC B Wts to Sub for Ord - 53 [illegible]
Adscene [illegible] PLC [illegible] Cnv Red Cum Prf £1 - £2.0225 (28Je94)
Albert Fisher Group PLC ADR (10:1) - $7⅛

[illegible]

USM Appendix

[illegible]

Rule 535(2)

[illegible]

Investment Trusts

[illegible]

RULE 535 (4) (a)

[illegible]

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 Indices and the FT-SE Actuaries Industry Baskets [illegible] by The [illegible] Stock Exchange of the United Kingdom and [illegible] of Ireland Limited. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. All rights reserved.

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LONDON STOCK EXCHANGE

MARKET REPORT

Overseas buyers help shares to a firm close

By Terry Byland, UK Stock Market Editor

The UK stock market cruised comfortably to a firm close yesterday, helped by a steadier trend in the dollar and the bond markets ahead of the meeting next week of the G7 countries. The final minutes of the London session were featured by the [illegible] disclosure that Enterprise Oil had failed in [illegible] £1.7bn bid for Lasmo.

After some initial uncertainty, the stock market took its lead from improvement in British government bonds. Bonds later lost most of their early gains but share prices remained very firm although many were below the best levels by the close. Traders reported some "nostalgic buying for new time" late yesterday, the last time such dealings will take place before the London market switches over to a rolling account system on July 18.

The final reading put the FT-SE 100 Share Index at 2,936.4, for a net gain on the day of 17.2. After opening lower behind weakness in the Dow Average and Federal bonds overnight, the Footsie dipped 13 to 2,906.2. But equities rallied well when gilts moved higher, and the Index was nearly 20 points up [illegible] the day's peak.

The Footsie 100 Index has recovered [illegible] points this [illegible] as markets across Europe have rallied on strengthening hopes that the G7 meeting next weekend will bring agreement on monetary co-operation to ease the problems caused by the fall in the US dollar against the Yen.

But the damage wrought on bond prices by the dollar's setback has been reflected in a fall of nearly 3 per cent in the Footsie 100 over the [illegible] equity account which closed last night.

Share [illegible] across the broader range of the market left the FT-SE Mid 250 Index down 1.7 [illegible] yesterday, and about 3.1 [illegible] lower [illegible] the equity account. Traders [illegible] the [illegible] tone" [illegible] developed in the [illegible] market yesterday. Several small trading programmes were identified and at least [illegible] overseas fund was believed to be trying to put money – perhaps as much as £100m – into the UK market. It was thought that the fund was unable to commit all this cash to equities yesterday but traders hoped that the fund [illegible] would try again next week.

Trading volume dipped to 517.1m shares from the 601.1m [illegible] the previous session, when customer business of £1.29bn was comfortably within the range of profitable trading levels from the point of view of the securities trading houses.

UK government bonds took their lead from US Treasuries, slipping [illegible] from their [illegible] levels when [illegible] prices component of the June Index of the US National [illegible]tion of Purchasing Managers rose to its highest level for nearly six years. UK bonds steadied to close with gains of ⅛ at the short end of the scale and much the same in long dated stocks.

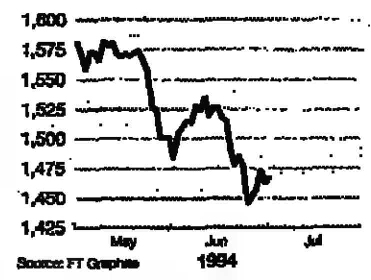
Traders commented that many fund managers had reduced investment activity yesterday afternoon ahead of the extended weekend holiday in the [illegible] York markets. In addition [illegible] being foreshortened by the one day closure of US markets, next week will bring meetings of the [illegible] Federal Reserve Open Market Committee, the [illegible] policy committee and finally the G7 finance ministers.

Faced with this battery [illegible] high-powered decision makers, investors are unlikely to hasten in implementing any new investment plans for the third quarter of the [illegible]

Account Dealing Dates		
*First Dealings:		
Jun 20	Jul 4	Jul 18**
Option Declarations:		
Jun 30	Jul 14	Jul 28
Last Dealings:		
Jul 1	Jul [illegible]	n/a
Account Day:		
Jul 11	Jul 25	n/a

*New time dealings may take place from two days earlier. **New 10-day settlement system [illegible]

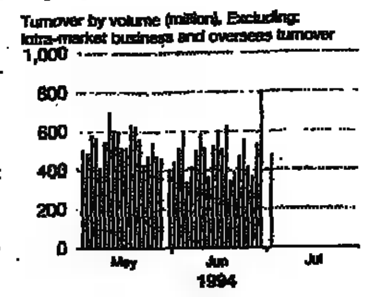
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios		
FT-SE Mid 250	3415.8	+1.7
FT-SE-A 350	1478.7	+6.9
FT-SE-A All-Share	1469.48	+6.13
FT-SE-A All-Share yield	4.02	(4.04)
FT Ordinary index	2295.4	+18.6
FT-SE-A Non Fins p/e	18.68	(18.72)
FT-SE 100 Fut Sep	2949.0	+30.0
10 [illegible]	8.75	(8.76)
Long gilt/equity yld [illegible]	2.19	(2.18)

FT-SE 100 Index	
Closing index for July 1	2936.4
Change over week	+59.8
June 30	2919.2
June 29	2946.3
June 28	2909.0
June 27	2899.9
High*	2961.9
Low*	2902.2

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	7,700	52¼	+½	Lonrho	1,800	127½	+½
Abbey National†	1,900	400	+7	Lucas	1,000	172	
Albert Fisher	[illegible]	47		MEPC†	612	[illegible]	[illegible]
Allied-Lyons†	[illegible]	543	-10	MFI	[illegible]	139	
Anglian Water	[illegible]	[illegible]	+4	[illegible]	447	[illegible]	-6
Argos	306	343		[illegible]	4,500	399	+7½
Argyll Group†	4,100	232	[illegible]	[illegible]	486	600	-4
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EQUITY FUTURES AND [illegible] TRADING

It was a slack session in the derivatives markets, and although the stock [illegible] contract provided a confident lead for equities, trading volume was not heavy, *writes Terry Byland*. The September contract held at a small premium to the cash market, although the closing quotation of 2,945 on September showed a discount of about [illegible] to fair value.

In traded options, the picture was much the same. Overall volume dipped to 22,311 contracts from more than 29,000 on Thursday. Only 8,622 contracts were recorded in the FT-SE option.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point [illegible]

	[illegible]	Sett price	[illegible]	High	[illegible]	Est. vol	Open int.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec	-	2957.0	+30.0	-	-	0	952

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

[illegible]	[illegible]	[illegible]	[illegible]	3425.0	3385.0	79	[illegible]

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

[illegible]	-	[illegible]	-	-	-	-	836

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*2936) £10 per full index point

[illegible]

Calls 3,390 Puts 4,811

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

Calls 2,[illegible] Puts [illegible] * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3300	3350	3400	3450	3500	3550	3600	3650
Jul		94½ 19	61¼ 36	37 61¼				

Calls 0 Puts 0 Settlement prices and volumes [illegible] at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday July 1 1994

Oil Exploration & Prod	+5.81	FT-SE Mid 250 ex IT	-9.54	Retailers, General	-14.79
Printing, Paper & Pckg	+4.57	Textiles & Apparel	-9.72	Consumer Goods	-18.03
Engineering, Vehicles	+2.40	FT-SE Mid 250	-9.90	Pharmaceuticals	-16.14
Mineral Extraction	+0.74	Health Care	-10.32	Transport	-16.40
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-15.72
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-16.26
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-16.28
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-18.09
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-18.93
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-20.94
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-21.00
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-21.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-21.76
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-22.50
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-22.69
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-22.88
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-28.05

FT-SE Actuaries Share Indices — The UK Series

[illegible]

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

[illegible]

■ FT-SE Actuaries 350 Industry baskets

[illegible]

[illegible]

Oil sector bid [illegible] fails

The [illegible] throes of the Enterprise bid for Lasmo saw the market get wind of the failure of the often acrimonious bid battle [illegible] the Stock Exchange into declaring prices for the two stocks as "indicative only" – meaning that those on the screen are not firm for trading.

At the close of a tense trading [illegible] slipped back from a day's high point of 138p to close a net 1½ higher [illegible] 136p, while Enterprise advanced rapidly late in the session, as the bid hopes faded, to close 9½ higher at [illegible]

Analysts [illegible] Enterprise's failure would be viewed by the market as a [illegible] no [illegible] in [illegible] Enterprise management. "The shares may go up in the short term but that will represent relief that there will not [illegible] much feared [illegible]" [illegible] Enterprise paper if the bid had gone through. The shares will also be buoyed by the latest upsurge in oil prices," said one leading oil analyst.

[illegible] felt that Lasmo [illegible] would improve on the oil price [illegible]. "The [illegible] per cent stock overhang, a legacy of Enterprise's failure, will obviously be a significant restraining factor," he said.

The failure of the Enterprise bid [illegible] into the merchant banks sector where SG Warburg, which represented Enterprise in the battle, fell back in late trading to close [illegible] off at [illegible]

[illegible] setback

News of Thursday's air crash in France involving the Airbus 330 aircraft weakened British Aerospace leaving the shares to buck the market trend as they closed 3 down [illegible] 454p. BAe is not only a 20 per cent stake holder in the Airbus consortium project, but also builds the wings of the Airbus [illegible] of aircraft.

Sentiment [illegible] also hurt by food retailer [illegible] intention to write down the value of its holding in property company Burwood House Group, jointly owned with BAe. Analysts [illegible] the [illegible] will soon have [illegible] revalue its 50 per cent holding in the joint venture to match the move made by Asda.

Researchers also pointed out that BAe's announcement on Thursday that it was changing the way it funds its 30 per cent holding in mobile phones operator Hutchinson telecommunications would effectively add previously [illegible] sheet debt on to the [illegible] sheet.

The latest upsurge in crude [illegible] prices, which saw [illegible] for [illegible] delivery move comfortably above the [illegible] barrel level, saw the oil majors make strong progress. "If the dollar stages anything of a rally next week, then the leaders should do very well," said one oil specialist at a leading UK intergrated house.

Oil prices [illegible] said to be moving higher in [illegible] strike [illegible] in the Nigerian oilfields could with worries that the civil unrest in the Yemen could halt the 200,000 barrels a day oil flow from that country.

BP moved up [illegible] to [illegible] while Shell edged up 4 to 684p. British Gas were held back by ongoing regulatory fears and [illegible] 1½ to 267p. But one of [illegible] market's top broking houses was said to be talking a strong buy story on the shares, emphasising the dividend dividend.

Burmah [illegible] was one of the FT-SE [illegible] individual performers, the shares sliding 15 to 851p after a sell note published by Nomura, the J[illegible] broker.

Mr Nick Clayton at Nomura [illegible] Burmah shares had [illegible] performed by 20 per cent over the past six months and stood at their highest price earnings rating against the UK market for more than [illegible] years. "Investors can currently buy BP on a lower rating to Burmah [illegible] gaining exposure [illegible] superior [illegible] growth resulting from its aggressive restructuring and cost cutting programme," [illegible] Nomura analyst said.

Talk of better than expected [illegible] subscriber num[illegible] for June, rounding [illegible] is expected to [illegible] an [illegible] quarterly performance for the cellular phones group, was said to have been behind the latest rise in **Vodafone** shares, which jumped 9 to 499p.

ICI rose 15 [illegible] to 790p after a successful presentation at Goldman Sachs, the US broker[illegible]

Chiltern Radio leapt 33 to 273p after the Daily Mail & General Trust rejected the CLT bid for its existing 18.5 per cent and moved into the [illegible] buy a near-10 per cent stake at [illegible] a share.

A volatile session was seen in luxury products group Vendome. The shares closed 6 better at 444p, after it suggested in a [illegible] statement [illegible] recovery hopes may be premature.

Activity in the banks sector subsided after the flurry of selling that affected the shares on Thursday in the wake of news that Abbey National had instigated a price cutting war in bank overnight interest [illegible] Abbey stock moved [illegible] 7 [illegible] 400p.

Dealers [illegible] TSB, which dropped below the [illegible] level for the first time since September [illegible] year, [illegible] only leading bank to suffer any follow through selling after the [illegible] cutting news. TSB shares [illegible] a net 2¼ off [illegible] 200½p on turnover of 5.1m shares.

Barclays, on the other hand, rose 11 to 530p and NatWest 9½ to 441p.

The market's leading insurance brokers began [illegible] creep ahead amid talk that a broker buy recommendation is in the process of being prepared. Willis Corroon e[illegible] up 2 to 1480p, as did Sedgwick, 174p.

The Hoare Govett buy recommendation helped [illegible] stocks move ahead with Prudential leading the sector higher and finally 4 better at 291p.

Continued profit-taking in Allied Lyons, which is [illegible] hold [illegible] analysts presentations on Tuesday, saw the shares give up 10 [illegible]

A squeeze in Kingfisher helped the shares appreciate 9 to 508p. A single large buyer of Marks & Spenser sent the shares climbing 7½ [illegible]

Shares in Rolls-Royce closed [illegible] ahead at 175p, following trade of 3.8m, after a recommendation from investment bank Lehman Brothers in its review [illegible] the [illegible] best performing stocks of the year.

Lehman [illegible] "[illegible] the [illegible] 12 months [illegible] Rolls-Royce [illegible] last be able to achieve some [illegible]tive earnings surprises."

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (11).

BUILDING & CNSTRN (1) Kajima, BLDG MATLS & MCHTS (1) Heath (S), DISTRIBUTORS (1) Polar, EXTRACTIVE INDS (1) Impala Platinum, HEALTH CARE (1) Healthcall, MEDIA (2) Chiltern Radio, Metro Radio, OIL [illegible] & PROD (1) Tullow Oil, PRTNG, PAPER & PACKG (1) Kleerfold Inc, SPIRITS, WINES & CIDERS (1) Macallan-Glenlivet, SUPPORT SERVS (1) Real Time Control.

NEW LOWS (198).

GILTS (8) BANKS (2) BREWERIES (1) Greene King, BUILDING & CNSTRN (4) Avonside, Tilbury Douglas, Ward, Wilson Bowden, BLDG MATLS & MCHTS (6) Anglian, Breedon, Graham, Heywood Williams, Ibstock, Meyer Int'l., CHEMICALS (4) AGA, Croda Int'l., Sutcliffe Speakman, Yorkshire Chems., DISTRIBUTORS (8) Casket, Diploma, Gardiner, Harris (Ph), Wills, DIVERSIFIED INDLS (3) DCC, Kvaerner B, Unidare, ELECTRNC & ELECT EQUIP (3) Astec (BSR), Betacom, Business Tech., ENGINEERING (10) Bullough, Chemring, David Brown, Graystone, Hay (N), Hunting, Do 8½pc Prf., Protean, Quadramatic, TI, ENG [illegible] (1) Ingham, EXTRACTIVE INDS (5) Ashanti, Bakyrchik Gold, Pasminco, Renison, Sterrnin, FOOD MANUF (8) Acatos & Hutcheson, BSN, Kakuzi, Sims, Usborne, HEALTH CARE (6) Anagen, Quality Care Homes, Tepnel Diagnostics, HOUSEHOLD GOODS (2) Le Creuset, Mayborn, INSURANCE (3) Heath (CE), Independent, JIB, INVESTMENT TRUSTS (27) INVESTMENT COMPANIES (2) LEISURE & HOTELS (4) LIFE ASSURANCE [illegible] Irish Life, Utd Friendly B, MEDIA [illegible] Avesco, [illegible], CentreGold, Intereurope Tech, Mirror, Phonelink, MERCHANT [illegible] (1) OIL EXPLORATION & PROD (1) Gaelic Res., OTHER FINANCIAL (8) PHARMACEUTICALS (2) PRTNG, PAPER & PACKG (3) Boxmore Int'l., Inveresk, Sidlaw, PROPERTY (8) RETAILERS, FOOD (1) M & W, RETAILERS, GENERAL (8) Clinton Cards, Country Casuals, Courts, Hamleys, Kleeneze, Lloyds Chemists, Rossbys, Smith (WH), SUPPORT SERVS (7) TELECOMMUNICATIONS [illegible] TEXTILES & APPAREL (3) TRANSPORT (8) WATER (8) AMERICANS (8).

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

[illegible]			
Chiltern Radio	[illegible]	+	33
Enterprise Oil	[illegible]	+	[illegible]
Eurocamp	[illegible]	+	8
Heath (Samuel)	130	+	[illegible]
ICI	790	+	15
Land Securities	629	+	11
Polar	262	+	10
Real Time Control	[illegible]	+	[illegible]
Sun Alliance	[illegible]	+	8
Falls			
Anagen	58	-	12
Avesco	59	-	10
[illegible]	11	-	4
[illegible]	38½	-	8
Inveresk	[illegible]	-	21
Kelsey Inds	233	-	[illegible]
[illegible]	197	-	6
[illegible] & Little	359	-	13
Seeboard	[illegible]	-	[illegible]
Virtuality	177	-	5
Ward Hldgs	51	-	[illegible]

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

[illegible]

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Init. Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Grs

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administration costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the [illegible] price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 [illegible] for more details.

Thornton Unit Managers Ltd (1200)F

Waverley Unit Tst Mngmt Ltd (1000)F

Whittingdale Unit Tst Mngmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

INSURANCES

Abbey Life Assurance Co Ltd

Abbey National Life Plc

Acorn Life Assurance Ltd

Canada Life Group - Contd.

Century Life Plc

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Family Life Assurance Ltd

Friends Provident

Irish Life Assurance Co Plc

M & G Life and M & G Pensions

National Westminster Life Assur Ltd - Contd.

Prudential Corporate Pension Funds

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

Scottish Equitable plc - Contd.

Scottish Life Investments

19 St Andrew Square, Edinburgh 031-225 2211

Sun Alliance Group - Contd.

CMI Insurance Co Ltd

Century Life International Ltd

MANAGEMENT SERVICES

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

• FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

OTHER OFFSHORE FUNDS

JERSEY

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Jul 1 / [illegible])

[illegible]

EUROPE

AUSTRIA (Jul 1 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Jul 1 / Frs.)

[illegible]

CANADA (Jun 30 / Can $)

[illegible]

DENMARK (Jul 1 / Kr)

[illegible]

FINLAND (Jul 1 / Mka)

[illegible]

[illegible] (Jul 1 / Frs.)

[illegible]

GERMANY (Jul 1 / Dm.)

[illegible]

ITALY (Jul 1 / Lire)

		+/-	High	Low	Yld	P/E
CrFond	[illegible]	−15	1,385	685	5.3	—
CrLyG	488	+15	858	485	3.1	—
CrLoc	372	−1	498	359.10	...	—
CrNat	490	−5	737	490	12.5	—
Deman	5,220	−120	6,180	5,000	0.7	—
Docks	634	−4	830	625	...	—
Dollfus	408	+8	439	381	1.5	—
EBF	838	+8	950	750	2.7	—
Eaudin	537	−12	748.90	535	3.1	—
Ecco	745	+10	940	636	2.0	—
ElfAqu	374.70	−4.90	435	365.50	5.2	—
ElfACI	345	+14.80	372	318	—	—
EssSan	[illegible]	−19	1,127	784	4.3	—
EssSay	[illegible]	−3	1,098	810	—	—
EsCla	773	+2	865	773	—	—
Essilr	710	+21	830	635	1.8	—
Eux	3,450	—	3,487	2,750	[illegible]	—
Eurafr	[illegible]	−48	2,589	1,765	[illegible]	—
EuRSCO	638	+1	702	584	[illegible]	—

		+/-	High	Low	Yld	P/E
FonSpa	12,280	+80	[illegible]	[illegible]	4.9	—
Gemina	1,533	−7	[illegible]	[illegible]	2.0	—
GenAss	40,600	+50	[illegible]	[illegible]	0.9	—
Gilardi	4,240	−10	[illegible]	[illegible]	—	—
IFI Pr	25,700	+250	[illegible]	[illegible]	1.4	—
IMI	10,650	−30	[illegible]	[illegible]	—	—
Italcb	9,520	+185	[illegible]	[illegible]	2.1	—
Italcm	12,180	−185	15,645	8,852	0.8	—
Italgas	5,230	−25	6,440	4,671	2.1	—
LloAdr	14,050	+150	18,980	13,100	2.8	—
Medbnc	14,480	−110	19,700	13,410	1.4	—
Montedi	1,474	+15	[illegible]	[illegible]	—	—
Olivet	2,360	−15	[illegible]	[illegible]	—	—
Pirelli	4,070	−35	[illegible]	[illegible]	—	—
PirSpa	2,485	+15	[illegible]	[illegible]	—	—
RAS	25,150	−200	[illegible]	[illegible]	[illegible]	—
Rinasc	10,080	+80	[illegible]	[illegible]	[illegible]	—
SASIB	7,890	+320	[illegible]	[illegible]	[illegible]	—
SIP	3,010	−30	[illegible]	[illegible]	[illegible]	—

NETHERLANDS (Jul 1 / Fls.)

[illegible]

NORWAY (Jul 1 / Kroner)

[illegible]

SPAIN (Jul 1 / Pts.)

[illegible]

SWEDEN (Jul 1 / Kronor)

[illegible]

SWITZERLAND (Jul 1 / Frs.)

[illegible]

AFRICA

SOUTH AFRICA (Jul 1 / Rand)

ABSA, AECI, Allied, Amcoal, AngAm, Amgold, AngAmIN, Barlow, Beatrx, Buffls, CNAGal, DeBCon, Deelkr, Driefn, Ergo, ElandG, Engen, FNatBk, Fregd, Gencor, GFSA, Harmny, Hrtbst, Hveld, ISCOR, Implat, JCI, Kinross, KloofG, LibLife, Nedbank, Nedcor, PalaPM, PremGp, Randfn, RmbrSp, RmbrCn, RustPl, SafRes, SmithCG, SABrew, SAMinAm, Stilfn, TigOat, TngHul, VReefs, W Area, W Deep, Winkhl — [illegible]

PACIFIC

JAPAN (Jul 1 / Yen)

[illegible]

AUSTRALIA (Jul 1 / Aust$)

[illegible]

HONG KONG (Jul 1 / H.K.$)

[illegible]

MALAYSIA (Jul 1 / MYR)

[illegible]

SINGAPORE (Jul 1 / S$)

[illegible]

Prices supplied by Telekurs

NOTES – Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are based on data from Jan 1 1994. [illegible]

FT FREE ANNUAL REPORTS SERVICE [illegible]

INDICES

	Jul 01	Jun 30	Jun 29	1994 High		1994 Low	
Argentina							
General (29/12/77)	[illegible]	18001.44	18480.62	28470.40	16/2	[illegible]	[illegible]
Australia							
All Ordinaries (1/1/80)	[illegible]	1980.1	1975.1	[illegible]	3/2	1857.40	27/6
All Mining (1/1/80)	968.3	982.6	976.6	[illegible]	3/2	904.60	5/5
[illegible]							
Credit Aktien (30/12/84)	[illegible]	[illegible]	[illegible]	460.88	2/2	396.87	22/6
[illegible]	1056.64	[illegible]	[illegible]	1222.25	[illegible]	1011.36	6/6
[illegible]							
BEL20 ([illegible]/91)	[illegible]	[illegible]	1410.80	1542.88	9/2	[illegible]	[illegible]
Brazil							
[illegible]	(c)	[illegible]	[illegible]	38294.00	23/6	3900.90	3/1
Canada							
Metals Minls♦(1975)	(c)	3569.93	3562.25	3879.58	18/3	3299.06	20/4
Composite♦ (1975)	(c)	4025.30	4028.20	4809.90	23/3	3859.90	24/6
Portfolio§§ (4/1/83)	(c)	1881.22	1881.02	2182.89	1/2	1868.46	28/6
Chile							
IPGA [illegible] (31/12/80)	[illegible]	4346.41†	[illegible]	[illegible]	4/2	3801.20	[illegible]
[illegible]							
Copenhagen SE (3/1/83)	[illegible]	[illegible]	364.16	415.79	2/2	[illegible]	22/6
Finland							
[illegible] General (28/12/90)	[illegible]	1891.2	[illegible]	1872.00	4/2	1601.10	[illegible]
[illegible]							
[illegible]	[illegible]	1279.59	[illegible]	1585.20	2/2	[illegible]	1/7
CAC 40 (31/12/87)	1872.86	1892.00	1936.33	2355.93	2/2	1872.86	1/7
[illegible]							
FAZ Aktien (31/12/58)	770.37	776.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	2301.0	[illegible]	2465.50	2/5	[illegible]	27/6
DAX [illegible]	2036.52	[illegible]	2046.3	2271.11	[illegible]	1960.82	20/6
[illegible]							
[illegible] SE (31/12/80)	236.29	[illegible]	844.05	1194.59	[illegible]	806.67	25/5
Hong Kong							
Hang Seng (31/[illegible]/64)	8534.37	8758.41	8640.31	12201.09	4/1	8369.44	4/5
India							
BSE Sens. (1979)	4113.9	4086.7	4140.2	4332.90	20/6	3454.00	5/1
Indonesia							
Jakarta Comp. (10/8/82)	456.74	457.30	457.74	612.89	5/1	454.32	[illegible]
Ireland							
ISEQ Overall (4/1/83)	[illegible]	1637.73	[illegible]	2082.16	20/1	[illegible]	1/7
Italy							
Banca Comm Ital [illegible]	[illegible]	[illegible]	698.03	817.17	10/5	588.85	10/1
MIB General (4/1/94)	[illegible]	1113.0	1126.0	1318.00	[illegible]	844.00	10/1
Japan							
Nikkei 225 ([illegible]/5/49)	[illegible]41	20843.93	20481.00	21552.81	[illegible]	[illegible]	[illegible]
Nikkei 300 (1/10/82)	[illegible]	304.62	[illegible]	311.71	13/6	268.22	4/1
Topix (4/1/68)	[illegible]	1673.32	[illegible]	1712.73	13/6	1445.97	4/1
2nd Section (4/1/68)	2506.18	[illegible]	[illegible]	2508.18	1/7	1873.33	4/1
Malaysia							
KLSE [illegible]	[illegible]	[illegible]	1010.11	1314.46	5/1	928.33	4/4
Mexico							
IPC (Nov 1978)	[illegible]	[illegible]	2270.93	[illegible]	8/2	[illegible]	20/4
Netherland							
CBS TtlRtnGen (End 83)	410.6	403.5	408.9	464.80	31/1	408.30	21/6
CBS All Shr (End 83)	260.6	260.1	260.5	294.80	31/1	257.80	21/6
New Zealand							
[illegible] 40 (1/7/86)	[illegible]	[illegible]	1982.27	2438.64	[illegible]	1881.30	27/6
Norway							
Oslo [illegible]	[illegible]	[illegible]	[illegible]	[illegible]	23/2	980.91	21/6
[illegible]							
Manila Comp (2/1/85)	[illegible]	[illegible]	[illegible]	[illegible]	4/1	2807.33	3/3
Portugal							
BTA (1977)	2873.5	[illegible]	[illegible]	3228.80	18/2	[illegible]	20/6
[illegible]							
SES All-S'pore (2/4/75)	543.06	550.42	547.22	641.81	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	[illegible]	[illegible]	[illegible]	2331.00	[illegible]	[illegible]	[illegible]
JSE Indl. (28/9/78)	[illegible]	6261.0	6232.0	6757.00	[illegible]	[illegible]	19/1
South Korea							
[illegible]	934.50	[illegible]	[illegible]	974.26	2/2	855.37	2/4
Spain							
Madrid SE (30/12/85)	[illegible]	300.14	[illegible]	[illegible]	31/1	288.86	[illegible]
Sweden							
AffarsvarldenGen (1/2/37)	1349.60	[illegible]	[illegible]	1600.80	31/1	1344.60	[illegible]
Switzerland							
Swiss Bk Ind [illegible]	1233.25	[illegible]	1233.04	1423.34	31/1	[illegible]	[illegible]
SBC General (1/4/87)	[illegible]	927.64	[illegible]	[illegible]	[illegible]	[illegible]	21/6
Taiwan							
WeightedPr. (30/6/66)**	[illegible]	[illegible]	[illegible]	6484.52	[illegible]	5194.63	19/3
Thailand							
[illegible] SET (30/4/75)	(c)	[illegible]	1272.77	1753.73	4/1	[illegible]	[illegible]
Turkey							
Istanbul Cmp. (Jan 1986)	[illegible]	[illegible]	19471.7	28883.80	13/1	12980.70	24/3
WORLD							
MS [illegible]	[illegible]	[illegible]	613.0	641.[illegible]	[illegible]	591.60	4/4
CROSS-BORDER							
Eurotrack 100 (26/10/90)	[illegible]	[illegible]	[illegible]	1540.19	31/1	1303.48	[illegible]
Euro Top-100 (26/6/90)	[illegible]	[illegible]	1167.48	1311.01	2/2	1143.06	[illegible]
JCapelDrgns (31/12/88)	[illegible]	301.34	299.02	388.19	[illegible]	290.28	[illegible]
Barings Emerg. (7/1/92)	143.98	152.95	[illegible]	182.72	14/2	[illegible]	21/4

** Sat Jun 25 : Taiwan Weighted Price 5903.25, Korea Comp Ex 919.98. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX – all 1,000. JSE Gold – 255.7, JSE 26 Industrials – 264.3; NYSE All Common – 50 and [illegible] Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. † IBIS/DAX [illegible] index Jul 01 – 2040.69 +19.84

US INDICES

Dow Jones	Jun 30	Jun 29	Jun 28	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3624.96	3667.05	3689.64	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	97.10	97.27	97.35	105.61 (21/1)	95.43 (13/5)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	[illegible]	1605.61	[illegible]	[illegible]	1546.02 (30/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	177.17	[illegible]	[illegible]	227.06	176.71	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3663.66 (3711.73) Low 3610.72 (3645.69) (Theoretical♦) Day's high 3675.47 (3700.40) Low 3623.02 (3661.65) (Actual♦)

Standard and Poors	Jun 30	Jun 29	Jun 28	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	444.27	447.63	[illegible]	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
[illegible]	518.40	[illegible]	519.62	580.59 (2/2)	510.05 (21/4)	580.59 (2/2/94)	3.62 (21/6/32)
Financial	44.16	[illegible]	44.42	46.64 (14/6)	[illegible]	[illegible]	8.64 (1/10/74)
NYSE Comp	[illegible]	246.72	[illegible]	[illegible] (2/2)	[illegible] (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	424.06	422.46	422.67	487.89 (2/2)	422.67 (28/6)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Cmp	705.96	704.01	702.06	803.93 (18/3)	693.79 (24/6)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Jun 24	[illegible] 17	Jun [illegible]	Year ago
Dow Jones Ind. Div. Yield	[illegible]	[illegible]	2.68	2.95
	[illegible]	[illegible] 22	Jun 15	Year ago
S & P Ind. Div. yield	2.49	[illegible]	[illegible]	2.55
S & P Ind. P/E ratio	23.10	[illegible]	[illegible]	25.04

■ STANDARD AND POORS 500 INDEX FUTURES [illegible] index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
[illegible]	445.05	446.65	[illegible]	[illegible]	[illegible]	74,117	[illegible]
[illegible]	449.30	449.45	[illegible]	[illegible]	[illegible]	740	10,628
[illegible]	452.50	352.80	+1.50	[illegible]	[illegible]	45	1,966

Open interest figures are for previous day.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	[illegible]	[illegible]	Change	High	Low	Est. vol.	Open int.
Jul	[illegible]	1866.0	-11.0	1894.0	1855.0	28,237	33,340
Aug	[illegible]	1874.0	-13.0	1886.0	[illegible]	-	[illegible]
Sep	1833.0	1882.0	-12.0	[illegible]	1870.0	[illegible]	[illegible].339

Open interest figures for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Brit Airways	[illegible]	57⅞	−¼
Utd Hlth	4,380,000	44⅞	−3⅛
Am Express	3,215,900	25¾	—
Deere	2,850,000	67⅞	−1⅞
IBM	2,725,600	53⅜	−1⅛
Gen Motor	2,562,400	50⅞	−¼
Shaw Ind	2,253,900	10⅞	−⅛
Gen Elec	2,129,700	46⅝	−1
Masotech	2,040,000	13⅞	..
Telefonos	2,002,600	55⅝	−⅛

■ TRADING ACTIVITY

● [illegible]

	[illegible]	Jun 29	Jun 28
New York SE	292.734	263.878	265.298
[illegible]	15.333	[illegible]	[illegible]
NASDAQ	281.781	268.237	260.085
[illegible]			
[illegible] Traded	2,824	[illegible]	[illegible]
[illegible]	939	[illegible]	771
Falls	1,287	850	[illegible]
Unchanged	598	725	689
New Highs	16	14	10
New Lows	110	93	130

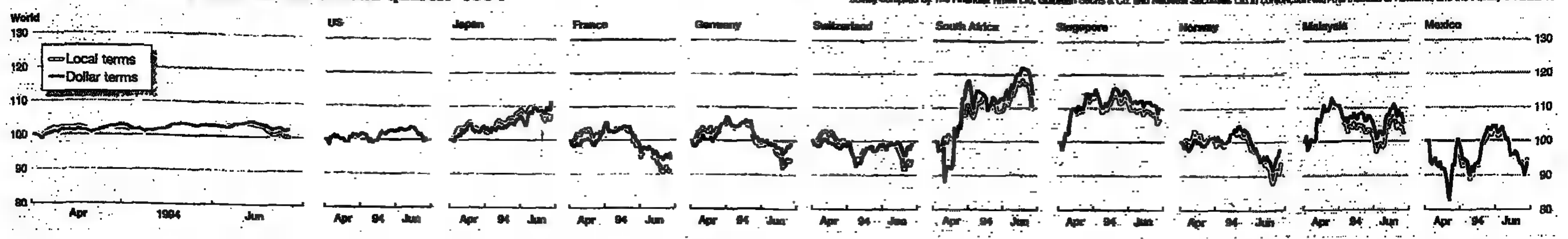
† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, [illegible] Utilities, Financial and Transportation. ♦ The Dow [illegible] index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each [illegible], whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ■ Subject to official recalculation.

هكذا من الأصل

WORLD STOCK MARKETS

FT-Actuaries World Indices in the second quarter 1994

Jointly compiled by The Financial Times Ltd, Goldman Sachs & Co. and NatWest Securities Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries



AMERICA

Dow lacklustre ahead of holiday weekend

Wall Street

US stocks drifted to mixed levels yesterday morning ahead of the long Independence Day weekend, *writes Frank McGurty [illegible] New [illegible]*.

By 1 pm, [illegible] Dow [illegible] Industrial Average was [illegible] at 3,630.79, while [illegible] more broadly [illegible] Standard [illegible] was up [illegible] 0.45 at 444.72. Volume on the Big Board was light, as many investors decided to begin the holiday a day early. Only 126m shares were traded by early afternoon.

In the secondary markets, the American SE composite edged 0.03 lower to 424.05, and the Nasdaq composite slipped 1.66 to 704.30.

In the previous session, the Dow industrials slid 42 points as the bond market reacted badly [illegible] of mounting inflationary pressures in the manufacturing [illegible].

Yesterday [illegible] more [illegible] same kind [illegible] economic news. The [illegible] Association of Purchasing Management said that [illegible] June index of business activity slipped, but more of its [illegible] paid higher prices during [illegible] month. The results mirrored those contained in a regional [illegible] Thursday, but [illegible] in neither [illegible] nor [illegible] for a comparable sell-off.

The dollar offered [illegible] support, gaining ground on [illegible] but its [illegible] remained a peripheral [illegible] US equity investors. Many of them were reluctant to make a move until it [illegible] next week whether the Federal Reserve will lift [illegible] rates [illegible] in support of the greenback.

At [illegible] opening, bargain [illegible] helped lift [illegible] blue chips by [illegible] points, but [illegible] early [illegible]. There [illegible] exceptions, [illegible]. Among [illegible] cyclicals, Alcoa [illegible] higher [illegible] and International Paper climbed \$1⅛ to \$67⅝. On the negative side, IBM dropped \$2 to \$56⅝ and JC Penney, the department [illegible] chain, fell [illegible] to \$51⅛.

Profit-taking pushed CBS down \$5 to \$305. A day earlier, the stock surged on news that the media group was close to an agreement to merge with QVC, the home-shopping network. QVC receded \$1 in the early afternoon, to \$37.

Fresh acquisition news fanned interest in Circus Circus, a casino operator. The stock jumped [illegible] per [illegible], or \$4, to \$25¼ on a report that Bally Entertainment was seeking federal approval to take a big stake in its gaming rival. Bally added \$⅝ to \$25⅝.

Venezuela

Caracas picked up 3.7 per cent in a technical adjustment following sharp falls in recent days. The Merinvest composite index closed 4.7 higher at 133.23, with the benchmark Electricidad de Caracas up 14 bolivars at 333 bolivars. Corimon, the industrial holding was an exception among the generally firm blue chips, losing 7.50 bolivars to 55.50 bolivars as a result of a six-for-one dividend share issue.

Steady bullion price helps Johannesburg

Johannesburg gold shares rallied in [illegible] the steady early bullion price before ending off the day's [illegible] the metal failed [illegible] make further progress.

Industrials, still uninspired by nervous equity markets elsewhere, were [illegible] around [illegible] slightly lower opening [illegible].

The overall index dipped 2 to 5,401, industrial lost 27 to [illegible] and golds rose [illegible] 2,127 as buyers returned after the sector's recent [illegible].

De Beers made 25 cents to R107 while Anglos rose R1 to R227.50. In golds, Oryx added 15 cents to R4 and Vaal Reefs gained R11 to [illegible] while Loraine slid 65 cents to R16.10.

[illegible] 75 [illegible] R37.75 in response to results.

Iscor was 2 cents off at R3.52 while Trans-Natal was 50 cents up at R23.

EUROPE

Frankfurt turns its attention to banks

The fact that long bonds were thought likely to recover in the third quarter of 1994, was no help to markets – Paris, and Madrid in particular – where they continued to fall on the day, *writes Our Markets Staff*.

FRANKFURT opened the third quarter with a nod in the direction of the strategists who have been saying that banks deserve a spell in the sun again, [illegible] a long [illegible] out [illegible] cold. [illegible] Bank, [illegible] and Commerzbank, Germany's big three, managed to rise in tandem: by DM10 to [illegible] DM4.30 to DM379, and [illegible] the [illegible] index rose 11.18 to 2,036.52.

Mr Ian McEwen at Merrill Lynch in London said that there was sense in this. "German banks are cheaper relative to the market than they have ever been," he said. "They underperformed in 1992 and 1993 in spite of an excellent profit performance [illegible] they [illegible] underperformed again [illegible] year."

[illegible] sector, [illegible] Mr [illegible], will produce interim trading figures towards the end of this month, and in the first week of August. Within those, trading will be the volatile element after the bear market in global bonds this year.

He expects the banks, in fact, to be in touch overall with 1993 performance, apart from Deutsche which has had a particular problem with in[illegible] margins. "Among other things," he said, "Deutsche had the cheapest funding base, and when market [illegible] the relative advantage of that base is eroded."

Turnover fell from DM7bn to DM5.9bn. After hours, there [illegible] in [illegible]mann on news that its management board chairman, Mr Werner Dieter, is under investigation by Düsseldorf prosecutors after allegations that he disguised private interests in a company which won huge orders from a Mannesmann subsidiary. The shares fell DM6 on the news to DM397, recovering to DM400.

AMSTERDAM reversed early falls to end marginally firmer on position squaring ahead of the long US holiday weekend and in response to the better performance of the dollar. The AEX index put on 0.96 to 384.52, up 0.8 per cent on the week.

DSM, the chemical group, added to the week's gains, which followed a positive analyst's note, gaining Fl 2.90 to Fl 129.50.

Begemann, [illegible] engineering [illegible], dropped Fl 1.80 or 5.3 per cent to Fl 32.20, after a warning that it faced union demonstrations.

A Fl 2 rise to Fl 46.20 in Pakhoed, the transport and storage group, was attributed to short covering.

MILAN finished a lacklustre week in apathetic mood, still awaiting firm budget proposals from the government. The Comit index fell 6.09 to 633.50, down 2.2 per cent on the week, although the real time Mibtel index finished the day 4 higher at 10,923, reflecting a late pick up in some prices.

The market was distracted by the resignation of the board of RAI, the state broadcaster, claiming political interference, which fuelled suggestions of political mismanagement by the government of Mr Silvio Berlusconi.

Fiat was pulled back from a high of L6,405, to finish L2 lower at L6,374, again unable to make progress following Thursday's upbeat comments by Mr Giovanni Agnelli, the chairman, and the forecast that the group would return to profit this year.

Among other blue chips, Pirelli finished L7 higher at L2,480, Montedison picked up L10 of the week's losses to L1,470 and Generali, the insurer, rebounded L143 to L40,783, but off a high of L41,150.

PARIS ended 1 per cent down on the day and 1.8 per cent lower on the week, brokers saying that bonds were weak, French fund managers [illegible] of liquidity, and that foreign arbitrageurs [illegible] sellers. The CAC-40 index ended 19.14 lower [illegible] in turnover of [illegible].

Accor, the travel group, fell FFr19 to FFr595 after an intraday low for the year [illegible] FFr589 on a sell recommendation from Paribas. There was more trouble too, for money raisers in the Eurostock category, this time for Euro Disney which fell 50 centimes to a year's low of FFr11.25, against a rights issue price of FFr10.

MADRID's domestic bonds suffered another weak and erratic day and it took late institutional support for equities to leave the general index only 1.06 lower at 299.08, off the intraday low of 297.40.

Turnover was Pta31bn, but around Pta10bn of that was attributed to block trades. In banks, BBV fell Pta70 to Pta2,810; it said that net profits could fall by up to 20 per cent in the first half because of Pta25bn losses on the bank's fixed income portfolio.

Of the other banks that may be affected by debt losses, Santander fell Pta35 to Pta4,700, and Argentaria by Pta60 to Pta5,040.

Telefónica held firm again at Pta1,770 as the Spanish telecommunications company said that it had joined Unisource as its fourth member.

Unisource, a joint venture including PTT Telecom Netherlands, Telia of Sweden and Swiss Telecom PTT until now, offers a range of telecommunications products for multinational companies.

ZURICH continued to worry about the dollar and interest rates and prices fell in another derivatives led [illegible]. The [illegible] index fell 19.9 to 2,588.9, for a [illegible] per cent rise on the week.

Banks remained under pressure with UBS losing SFr10 to SFr1,152, and insurers [illegible] slipped.

Richemont, [illegible] Rothmans [illegible] and [illegible] luxury [illegible] group, fell SFr20 to SFr1,060 as it reported a 45 per cent fall in consolidated net earnings in the year to March 31, mainly because of restructuring charges.

STOCKHOLM fell 1.7 per cent, having picked up from early lows, as debt market yields climbed after Skandia, the insurer, said it was boycotting Swedish state bonds.

The Affärsvärlden index fell 22.8 to 1,349.6 and brokers forecast further falls next week as the market grew increasingly concerned at the government's inability to put forward a budget deficit reduction programme.

Skandia's share fell SKr3 to SKr105.

ATHENS lost 1.5 per cent on the day, and a fraction less on the week in record low turnover for 1994, the general index falling 13.01 to 836.30. However, the market newcomer, Chipita, ended at the eight per cent upper volatility limit in its second day of trading, closing at Dr4,082. More than 9,000 Chipita shares changed hands and a queue formed to bid for some 150,000 shares, with none offered toward the close.

COPENHAGEN was slightly lower [illegible] profit-taking but [illegible] resisted [illegible] downward pressure from falling bond prices. The KFX top-20 index lost 0.35 to 102.39.

Shares in Danisco went against the trend to end DKr27 higher at DKr947 in response to Thursday's announcement of better than expected full year profits.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

[illegible]	[illegible]	[illegible]	11.00	12.00	13.00	[illegible]	15.00	Close
Hourly changes								
FT-SE Eurotrack 100	1316.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE Eurotrack 200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Jun 30	Jun 29	Jun 28	Jun [illegible]	Jun 24
FT-SE Eurotrack 100	1322.54	1331.90	[illegible]	[illegible]	[illegible]
FT-SE Eurotrack 200	[illegible]	[illegible]	1354.58	[illegible]	[illegible]

[illegible]

ASIA PACIFIC

Nikkei falls as US weighs on the region

Tokyo

[illegible] strength in [illegible] yen [illegible] Thursday's fall [illegible] Wall Street depressed investor confidence, and [illegible] Nikkei index fell marginally on arbitrage selling, *writes Emiko [illegible] in Tokyo*.

The 225 average fell 100.52 to 20,543.41 while the Topix index of all first section stocks closed 11.16 lower at 1,662.16. The Nikkei started at a high of 20,618.22 but fell to a low of 20,274.95 in [illegible] morning session as the dollar fell below Y98 to a record low against the yen.

Volume totaled 380m shares against 454m. [illegible] selling [illegible] from unwinding of arbitrage positions against the [illegible] market while investment trusts and public fund managers led the day's buying.

The Nikkei 300 fell 2.32 to 302.30. [illegible] advances by [illegible] to 354 with 172 unchanged and, in London, the ISE/Nikkei 50 index rose 1.11 to 1,347.46.

Reports that Nippon Telegraph and Telephone, the semi-privatised telecommunications company, is to list its shares in [illegible] York and London bolstered the stock. NTT, the largest company in the world in terms of market capitalisation, [illegible] that it wanted to offer overseas investors more corporate information.

[illegible] stock [illegible] to [illegible] shares were also traded actively. Nissho [illegible] Y40 to Y1,570 and DDI, the long-distance [illegible] operator [illegible] on [illegible] section, rose Y30,000 to Y9.45m.

High-technology shares were mixed in spite [illegible] the yen's strength. Hitachi rose Y10 to Y1,040 and NEC gained Y20 to Y1,240.

In Osaka, the OSE average fell [illegible] to [illegible] in volume of 18.3m shares.

Roundup

US weakness, in the dollar and in equities, weighed on the region. Bangkok and Taipei were closed.

HONG KONG was helped up from its lows by some late bargain hunting after a day [illegible] thin [illegible]. The Hang [illegible] index fell [illegible] or 1.4 per cent to 8,634.37, after a low [illegible] 8,508.93, to finish 2.8 per cent lower on the week.

Among [illegible] issues, Cheung Kong fell 85 cents to HK\$32.90, Hongkong Land eased 30 cents to HK\$19.20 and Henderson Land dropped HK\$1.55 to HK\$34.70.

SEOUL finished slightly higher as [illegible] and those with low price/earnings [illegible] gained ground. The composite index added [illegible] to 934.58 [illegible] a 0.6 per cent rise on the week.

SINGAPORE trimmed early losses as interest developed in [illegible] and the Straits Times Industrials index ended 14.26 lower at 2,210.65, 1.6 per cent lower on the [illegible].

Shares of Kim Eng Holdings, [illegible] stockbroker, [illegible] the trend by rising 15 [illegible] to [illegible] on [illegible] it proposed a 1-for-1 share bonus and [illegible] cents dividend.

KUALA LUMPUR was easier in very quiet trade that saw the composite index 7.82 lower at 1,003.76, down 1.2 per cent over the week.

BOMBAY began the first day of the new account with some [illegible] buying [illegible] the BSE [illegible] 32.26 higher [illegible] 4,118.98. The index fell by 2.23 per cent on the week.

Cadbury India, an affiliate of Cadbury Schweppes of the UK, [illegible] sharply in response to the announcement of a 534 per cent rise in net profits. The share rose to Rs320, before finishing Rs2.50 [illegible] at [illegible].

MANILA dropped after PLDT's fall on Wall Street, and on [illegible] that [illegible] Supreme Court had deferred implementation of a new value added tax law.

PLDT slid by \$1⅛ to [illegible] on Wall Street, and followed it with a fall of 40 pesos to 1,630 at home. The composite index fell 51.85 to 2,694.51, down 3.4 per cent on the week, as turnover fell [illegible] 936m [illegible] pesos.

SYDNEY blamed the Dow as the All Ordinaries index closed 23.3 weaker at 1965.8, down 2.6 per cent on the week. BHP produced results around expectations but [illegible] fell [illegible] cents to A\$17.74.

WELLINGTON's NZSE 40 index fell only 13.54 at 1983.34, in spite of Wall Street and a rise in domestic bond yields on [illegible] market. Thursday's budget made little impact on the market.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY JUNE 30 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JUNE 29 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (69)	165.72	1.5	[illegible]	[illegible]	[illegible]	[illegible]	0.5	[illegible]	[illegible]	156.52	[illegible]	[illegible]	[illegible]	[illegible]	131.71	131.71
Austria (17)	186.82	[illegible]	179.45	[illegible]	[illegible]	[illegible]	0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	146.87
Belgium (37)	[illegible]	-0.6	[illegible]	[illegible]	137.07	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	143.62	146.72
Canada (106)	122.61	0.0	117.78	[illegible]	[illegible]	[illegible]	-0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	127.84
Denmark (33)	260.31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	207.58	218.25
Finland (24)	141.18	-0.7	[illegible]	[illegible]	[illegible]	160.48	0.1	[illegible]	[illegible]	139.10	90.54	119.42	160.24	[illegible]	92.58	93.37
France (97)	161.40	-2.4	155.04	100.64	133.54	138.21	-1.9	[illegible]	[illegible]	158.47	103.14	136.05	140.61	[illegible]	149.60	153.32
Germany (58)	136.17	-1.2	130.80	84.91	112.67	112.67	-0.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	108.76	[illegible]
Hong Kong (56)	358.47	1.5	[illegible]	[illegible]	[illegible]	[illegible]	1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	508.56	[illegible]	[illegible]
Ireland (14)	182.78	-1.0	175.57	113.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	209.33	155.98	182.10
Italy (80)	82.28	-2.3	79.04	51.31	68.08	[illegible]	-1.3	1.82	84.23	[illegible]	[illegible]	[illegible]	86.61	[illegible]	[illegible]	67.81
Japan (468)	169.49	0.4	162.81	105.66	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malaysia (98)	465.24	0.1	446.90	[illegible]	394.95	[illegible]	0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	466.04	621.63	322.60	[illegible]
[illegible] (18)	1917.00	[illegible]	1841.40	[illegible]	[illegible]	7100.03	1.9	1.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2647.08	[illegible]	[illegible]
[illegible] (27)	198.97	-0.4	189.20	[illegible]	[illegible]	[illegible]	0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	164.59	165.69
[illegible]	85.95	1.2	[illegible]	41.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	82.45	[illegible]	[illegible]	58.35	[illegible]	49.81	49.81
Norway (23)	[illegible]	-0.4	[illegible]	117.81	[illegible]	178.09	0.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	177.47	206.42	152.98	[illegible]
Singapore (44)	334.81	0.1	321.61	208.77	[illegible]	[illegible]	0.2	[illegible]	[illegible]	320.50	[illegible]	[illegible]	[illegible]	376.92	[illegible]	[illegible]
South Africa (59)	266.15	-0.1	255.65	165.96	220.21	[illegible]	-0.1	2.28	[illegible]	[illegible]	168.24	219.27	[illegible]	[illegible]	175.93	[illegible]
Spain (43)	136.75	[illegible]	131.38	85.27	113.15	[illegible]	-1.1	4.34	[illegible]	[illegible]	87.24	115.07	[illegible]	[illegible]	116.33	[illegible]
Sweden (36)	207.36	-0.3	199.15	129.30	171.57	[illegible]	0.3	1.70	[illegible]	[illegible]	[illegible]	171.13	[illegible]	[illegible]	166.07	168.71
Switzerland (47)	160.43	-0.7	154.10	100.03	[illegible]	133.07	-0.3	1.62	[illegible]	[illegible]	[illegible]	132.96	[illegible]	[illegible]	124.46	127.11
United Kingdom (205)	183.06	-1.0	176.69	114.70	[illegible]	176.69	-0.8	4.26	[illegible]	178.10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	175.96
USA (519)	181.26	-0.7	174.11	[illegible]	[illegible]	[illegible]	-0.7	[illegible]	182.55	[illegible]	[illegible]	[illegible]	[illegible]	198.04	178.25	[illegible]
EUROPE (720)	162.21	-1.2	155.[illegible]	101.14	134.21	147.27	[illegible]	3.17	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	178.58	[illegible]	[illegible]
Nordic (116)	203.07	-0.4	195.06	126.62	168.02	199.23	0.2	1.50	[illegible]	[illegible]	[illegible]	[illegible]	198.78	220.60	160.28	161.29
Pacific Basin (760)	175.57	0.6	168.65	109.48	145.27	114.73	0.4	1.04	174.74	[illegible]	[illegible]	[illegible]	[illegible]	175.57	[illegible]	150.25
Euro-Pacific (1470)	169.83	-0.2	163.13	[illegible]	140.51	128.18	-0.1	[illegible]	170.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North America (625)	177.62	-0.7	170.62	[illegible]	146.96	177.25	-0.7	[illegible]	[illegible]	[illegible]	111.54	[illegible]	[illegible]	[illegible]	175.67	180.78
Europe Ex. UK (515)	140.75	-1.3	[illegible]	[illegible]	121.42	[illegible]	-0.7	[illegible]	[illegible]	[illegible]	92.78	[illegible]	[illegible]	[illegible]	123.81	124.12
Pacific Ex. Japan (281)	236.68	1.1	229.27	[illegible]	197.49	214.66	0.8	[illegible]	[illegible]	228.32	[illegible]	[illegible]	212.98	[illegible]	184.93	[illegible]
World Ex. US (1653)	170.41	-0.2	163.69	[illegible]	[illegible]	[illegible]	0.0	1.92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	172.51	[illegible]	148.24
World Ex. UK (1967)	171.93	0.3	165.15	107.20	[illegible]	[illegible]	-0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	167.71
World Ex. So. Af. (2113)	171.45	-0.4	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	142.40	[illegible]	178.56	157.61	159.16
World Ex. Japan (1703)	177.38	-0.7	[illegible]	[illegible]	[illegible]	[illegible]	-0.6	3.01	[illegible]	[illegible]	111.49	[illegible]	[illegible]	195.20	[illegible]	167.87
The World Index (2172)	173.01	[illegible]	166.19	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	173.64	166.41	[illegible]	[illegible]	147.37	178.97	157.88	159.33

[illegible] prices were unavailable for this edition.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jul	Oct	Jan	Puts Jul	Oct	Jan
Allied-Lyons	540	16½	35	–	12½	[illegible]	–
(*543)	[illegible]	2½	14½	–	40½	54½	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Guinness	420	27	37½	45	6½	14	18
(*437)	460	6½	17½	25½	27	35	38
GEC	280	13	18½	23½	9	14½	17½
(*[illegible])	300	3½	[illegible]	[illegible]	[illegible]	27	[illegible]

Option		Calls Aug	Nov	Feb	Puts Aug	Nov	Feb
[illegible]	[illegible]	11	[illegible]	[illegible]	5½	12½	16
(*244)	[illegible]	4	8	12	18	24½	27½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
(*175)	180	6½	14½	18	11½	17	19½

* Underlying security price. Premiums [illegible] based on closing offer prices.
July 1 Total contracts: 21,776 Calls: 11,611 Puts: 10,165

FT GOLD MINES INDEX

	Jun 30	% chg on day	[illegible]	Jun 28	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (36)	[illegible]	[illegible]	1900.28	1882.96	[illegible]	2.87	2387.49	1522.56
[illegible] Regional indices								
Africa (16)	2769.96	+0.3	2758.93	2779.28	2564.65	4.53	3440.80	1902.23
Australasia (8)	2462.[illegible]	[illegible]	2403.40	2425.32	2091.32	2.88	3013.89	1693.16
North America (12)	[illegible]	[illegible]	1574.89	1588.37	1896.25	[illegible]	2039.65	1363.09

Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: July 1 : 221.6; day's change: +5.4 points; Year ago: 228.9 [illegible] Partial. Latest prices were unavailable for this edition.

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	38	20	14	[illegible]	136	[illegible]
Other Fixed Interest	0	5	10	[illegible]	7	[illegible]
Mineral Extraction	81	38	81	299	297	[illegible]
General Manufacturers	[illegible]	[illegible]	398	577	672	[illegible]
Consumer Goods	[illegible]	43	115	195	[illegible]	501
[illegible]	76	114	317	351	[illegible]	1,615
[illegible]	18	15	12	115	[illegible]	54
Financials	[illegible]	[illegible]	[illegible]	[illegible]	506	919
Investment Trusts	70	71	327	[illegible]	500	1,378
[illegible]	60	30	40	[illegible]	219	200
[illegible]	570	592	1,503	[illegible]	3,824	[illegible]

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	June 27	Last Declarations	Sept 29
Last Dealings	July 8	For [illegible]	Oct [illegible]

Calls: Arcon Intl, Crossroads Oil, Greenwich Res, Guinness, Mirror Group, Regent Corp, Trencherwood, Tullow Oil, Tuskar Res, World Fluids. Puts: Arcon Intl, Crossroads Oil, Guinness, Telegraph. Puts & Calls: Lucas Wts, Wilshaw.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1994 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
[illegible]	F.P.	[illegible]	123	115½	Aero. Hamble	[illegible]		W3.74	2.6	3.9	11.6
161	F.P.	[illegible]	[illegible]	160	Amey	165		[illegible]	0.8	[illegible]	[illegible]
255	F.P.	[illegible]	267	253	Argent	258		–	–	–	–
100	F.P.	31.9	[illegible]	99½	Baillie Gffrd Shn C	103	[illegible]	–	–	–	–
105	F.P.	9.44	[illegible]	105	Bloomsbury Pb	110		WN2.94	2.7	3.3	11.2
§150	F.P.	[illegible]	164	[illegible]	[illegible] Dolphin	157	-2	L6.8	[illegible]	[illegible]	10.1
150	F.P.	[illegible]	[illegible]	[illegible]	CPL Aromas	180		LN3.0	2.4	2.3	15.3
100	F.P.	34.7	[illegible]	[illegible]	Chesterton Intl	107		RN3.3	1.6	3.9	15.1
–	F.P.	–	[illegible]	[illegible]	Five Arrow C Wts	35		–	–	–	–
–	F.P.	76.0	[illegible]	90	Fleming Indian	90½		–	–	–	–
–	F.P.	[illegible]	[illegible]	42	Do Warrants	45		–	–	–	–
225	F.P.	[illegible]	[illegible]	[illegible]	Intermediate	232		LN8.9	2.1	5.3	8.1
	F.P.	[illegible]	[illegible]	[illegible]	JBA	[illegible]	+1	LN2.4	4.1	1.6	16.6
–	F.P.	–	77	[illegible]	JF F[illegible] Wrts	[illegible]		–	–	–	–
3	F.P.	1.73	3¼	3	John Mansfield	3¼		–	–	–	–
–	F.P.	67.2	97	94	J'son Fry Euro	95½		b5.2	–	6.6	–
200	[illegible]	160.6	[illegible]	200	‡London Clubs	227	[illegible]	W11.92	[illegible]	[illegible]	[illegible]
120	[illegible]	34.2	[illegible]	125½	Norcor	127		[illegible]	[illegible]	[illegible]	[illegible]
–	[illegible]	[illegible]	131	[illegible]	Redrow	[illegible]		WN2.7	2.5	3.0	14.4
	F.P.	44.8	92	89½	[illegible]	[illegible]		–	–	–	–
–	F.P.	6.02	44	[illegible]	[illegible]	[illegible]		–	–	–	–
100	F.P.	24.8	99	[illegible]	[illegible] HY Smlr C	[illegible]		–	–	–	–
595	F.P.	13.2	[illegible]	106	Sp[illegible] Cons	[illegible]		L1.6	1.6	1.9	41.8
100	F.P.	[illegible]	[illegible]	[illegible]	TR[illegible] Gth Ptg	[illegible]		–	–	–	–
	F.P.	[illegible]	[illegible]	[illegible]	Un[illegible] Ceramic	[illegible]		LN3.75	1.9	6.3	12.5
[illegible]	[illegible]	[illegible]	150	139	VCI	140		WN5.5	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	Low	Stock	Closing price p	+or-
255	Nil	9/8	6pm	5½pm	Assoc Nursing	5½pm	
50	Nil	5/7	8pm	4½pm	Britton	4½pm	
–	[illegible]	13/8	105pm	[illegible]	[illegible]	92pm	
240	Nil	29/7	130pm	30pm	Eidos	55pm	-10
–	Nil	17/8	235pm	5½pm	Euro-Disney	5½pm	[illegible]
255	Nil	14/7	65pm	3½pm	Eurotunnel	10pm	
425	Nil	5/7	35pm	4pm	Evans Halshaw	4pm	
[illegible]	Nil	[illegible]	69pm	55pm	Faber Prest	55pm	-5
68	Nil	9/8	[illegible]	[illegible]	Hawtal Whiting	38pm	-2
[illegible]	Nil	–	5pm	[illegible]	Oriel	3pm	
8	Nil	3/8	¼pm	¼pm	Paramount	¼pm	
130	Nil	14/7	26pm	11pm	Ricardo	11pm	[illegible]
73	[illegible]	[illegible]	[illegible]	¼pm	Wates City of Lon	¼pm	

FINANCIAL TIMES EQUITY INDICES

	July 1	June 30	June 29	June 28	June 27	Yr ago	*High	*Low
Ordinary Share	2295.4	2276.8	2298.1	2259.4	2255.5	2237.9	2713.6	2240.6
Ord. div. yield	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.13	4.46	3.43
Earn. yld. % full	5.82	5.87	5.81	5.90	[illegible]	4.90	5.95	[illegible]
P/E ratio net	18.28	18.14	18.32	18.03	1[illegible]	26.14	[illegible]	[illegible]
P/E ratio nil	19.01	18.88	19.[illegible]	18.76	18.76	24.19	30.90	18.61

*For 1994. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

[illegible]	9.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.00	[illegible]	Low
2272.8	2272.8	2281.8	2283.7	2291.2	2297.9	2298.5	[illegible]	[illegible]	2298.8	[illegible]

	July 1	June 30	June 29	June 28	June 27	Yr ago
SEAQ bargains	24,097	23,148	20,891	[illegible]	[illegible]	33,980
Equity turnover (£m)†	-	[illegible]	1037.0	[illegible]	[illegible]	[illegible]
Equity bargains†	-	24,124	27,684	[illegible]	[illegible]	38,181
Shares traded (mil)†	-	[illegible]	[illegible]	541.0	[illegible]	[illegible]

† Excluding intra-market business and overseas turnover.

BANKS

[illegible]

BREWERIES

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

ENGINEERING

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

FOOD MANUFACTURERS

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HEALTH CARE - Cont.

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FT-SE Actuaries Share Indices.

Net asset values supplied by Natwest Securities Limited on a guide only. See guide to London Share Service

INVESTMENT COMPANIES

Net asset values supplied by Natwest Securities Limited on a guide only. See guide to London Share Service

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or –	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£27¼	—	£27½	£13¼	1,778	2.7	19.9
Barlow	Z	[illegible]	+⅛	[illegible]	[illegible]	893.8	0.7	–
Gold Flds Prop R		100	+1	108	78	10.2	10.0	8.9
NK Props		95	—	95	85	3.42	10.5	34.9
SASOL		398	+1	392	300	1,[illegible]	4.7	–
SA Brews		£11⅛xd	+⅛	£15¼	£10	6,284	2.4	18.9
Tiger Oats	†	£13xd	—	[illegible]	335	929.8	2.6	12.8
Tongaat-Hulett		695xc	+13	*739¾	427½	500.7	2.3	18.7

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend [illegible] appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of [illegible] quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields [illegible] on mid-prices, are gross, adjusted for a dividend tax credit of [illegible] and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm –) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most act[illegible] stocks. This includes UK stocks where transactions and [illegible] are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under [illegible]
- ♣ Free annual/interim report available, see details [illegible]
- ♦ USM; not listed on Stock Exchange and company [illegible] subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- § Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend. f Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.

v Not subject to ACT. & Assumed yield after pending scrip and/or rights issue. B Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1994. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for [illegible]

R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

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Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

[illegible] International service is available for callers outside the UK, annual subscription £250 [illegible] 071-873 4378 (+44 71 873 4378, International) [illegible] more information on FT Cityline.

FINANCIAL TIMES
Weekend July 2/July 3 1994

Builders step up fight over planning guidelines

By Andrew Taylor, Construction Correspondent

[redacted] unprecedented initiative [redacted] [redacted] industry against government planning guidelines has been launched by [redacted] Housebuilders Federation, which fears that development [redacted] face restrictions.

The housebuilders have approached [redacted] and retailers [redacted] [redacted] if they would join in opposing Environment Depart[redacted] guidelines which they [redacted] pander [redacted] environmental activists and [redacted] economic [redacted]ery.

The [redacted] comes [redacted] [redacted] government [redacted] struggling to recapture [redacted] traditional supporters in southern England, many of whom [redacted] development in rural areas.

Companies approached by the Housebuilders [redacted] [redacted] manufacturers Ford and [redacted] and retailer J. Sainsbury. It has also contacted [redacted] British [redacted] Federation, [redacted] Brit[redacted] Property Federation and Bacmi, the [redacted] association of the British Aggregates Construction [redacted] Industries.

[redacted] Roger Humber, [redacted] director, said: "We [redacted] merely sounding [redacted] other industries to [redacted] if they share our concern about the [redacted] in which planning policy [redacted] being shaped by [redacted] Environment Department."

Housebuilders [redacted] government policies allowing local [redacted] greater autonomy [redacted] [redacted] housing requirements will restrict development in shire counties where demand for homes [redacted] greatest.

The British Road Federation and the [redacted] Property Federation [redacted] policy guidelines [redacted] to [redacted] authorities by Mr John Gummer, environment secretary, discouraging out-of-town developments [redacted] require people [redacted] travel.

A planning policy guidance [redacted] – PPG 13 – issued jointly with [redacted] Transport Department [redacted] that development policies designed to reduce travel might help [redacted] consumption [redacted] [redacted] by [redacted] 30 years.

The BRF [redacted] yesterday: "The Environment Department [redacted] danger of becoming [redacted] hostage [redacted] fortune [redacted] of [redacted] extreme elements [redacted] the environmental [redacted].

"New roads [redacted] bring environmental [redacted] they [redacted] be balanced against the costs. The public also want economic growth, employment [redacted] high standard of living."

The British Property Federation [redacted] the wording of [redacted] Envi[redacted] Department's support of [redacted] policy [redacted] development could "allow local authorities [redacted] prevent worth[redacted] developments [redacted] are, [redacted] way, globe-threatening".

The [redacted] and property [redacted] yesterday [redacted] they [redacted] be prepared [redacted] a joint approach with house[redacted] if they [redacted] would [redacted] effective.

Ford [redacted] that it [redacted] approached by [redacted] [redacted] considering [redacted] position. Sainsbury was unavailable for [redacted] yesterday.

Murdoch acquires free stake in German satellite TV

By [redacted] Lindemann in Bonn [redacted] Raymond [redacted] in [redacted]

[redacted] characteristic [redacted] chutzpah, [redacted] Rupert [redacted] [redacted] Corporation yesterday acquired [redacted] per cent [redacted] the [redacted] satellite [redacted] channel in Germany – for nothing.

[redacted] paid nothing for [redacted] in the [redacted] into liquidation on April 1, after costing shareholders, including media group [redacted]mann, an [redacted] DM400m (£161m). [redacted] Corporation [redacted] also pick [redacted] none of this debt.

[redacted] represents Mr [redacted]doch's [redacted] significant move [redacted] German television [redacted]. A previous joint [redacted] Burda, the publishers, [redacted] produce [redacted] daily [redacted] mainly [redacted] former [redacted] Germany [redacted].

[redacted] Corporation, [redacted]ests include a 50 per cent stake in British Sky Broadcasting in the UK, the Fox television network in the US, and control of Star TV in Asia, said yesterday the company had agreed "to contribute key programming expertise".

Although details have yet to be worked out [redacted] likely [redacted] include both management experience and US programmes from Fox.

It is likely that the channel will now be redefined and aimed at a [redacted] market, possibly [redacted] more [redacted]ment in programmes.

Vox, which was launched at the beginning of this year has been in trouble virtually from the start because of its programme mix and disagreements between the original six shareholders.

Bertelsmann, which is second only [redacted] Time Warner on [redacted] world media stage will retain its 24.9 per cent in Vox.

There is speculation Compagnie Luxembourgeoise de Télédiffusion, [redacted] holds a [redacted] cent stake in RTL, [redacted] competing German language service, will take [redacted] stake in Vox whose licence requires it [redacted] have a heavy information content.

It has about a 2 per cent audience share and is believed [redacted] to be ninth out of 15 cable and [redacted] channels in the German market. But it does have a number [redacted] important advantages.

It is one of only three channels to have access to all the German [redacted] cable [redacted] network. It is also carried on [redacted] the Astra [redacted] Kopernikus satellite [redacted] systems.

THE LEX COLUMN

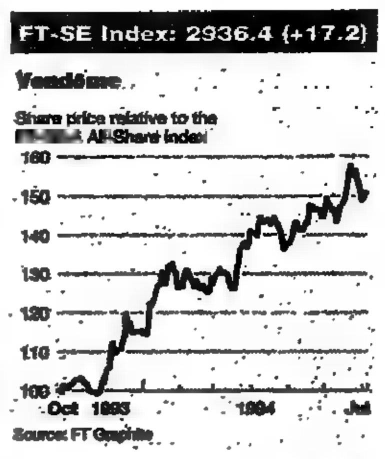
Lasmo on the loose

Champagne corks [redacted] popping [redacted] Lasmo's headquarters [redacted] night. The rejection [redacted] Enterprise's [redacted] bid was in part [redacted] thumbs-up for Lasmo's reformed management and balance [redacted] more [redacted] positive qualities was Enterprise's [redacted]ure [redacted] industrial logic in [redacted] all-[redacted]. [redacted] Mr [redacted] Darby, Lasmo's [redacted] executive, still [redacted] to [redacted] company's [redacted] down [redacted] development prospects.

[redacted] bigger challenge, though, [redacted] faced by Mr Graham Hearne, Enterprise's chairman and chief executive. Shareholders have shown little confidence in his "big boys" strategy of growing through acquisition. Lasmo's defensive salvos have thrown into doubt whether past acquisitions have been in shareholders' interests. Moreover, Enterprise's desperate purchase this week of 10 per cent of Lasmo is showing a paper loss of about £30m, while the company has wasted millions more on bid costs.

Now is [redacted] good time for Enterprise to [redacted] strategy. Growth through acquisition [redacted] way to enhance shareholders' wealth. It would be better to focus on exploration, where Enterprise's previously excellent record has recently become rather tarnished. One way of sharpening the focus would be to split Enterprise into two. One half would contain the bulk of its production assets, pay investors handsome dividends and gradually liquidate itself. The other half would concentrate on exploration. But before Enterprise could contemplate a radical change of strategy, it would probably be necessary for Mr Hearne to split his roles of chairman and chief executive.

FT-SE Index: 2936.4 (+17.2)



Source: FT Graphite

UK equities

The FT-SE 100 index seems to [redacted] found a footing above 2,900 this week, but it would be rash to assume [redacted] its troubles are over. First there is the hurdle of the Federal Reserve Open Market Committee meeting next week. Then there is the industrial summit at the weekend. With the dollar looking weak again last night, the chances remain that US interest rates could be raised. Indeed, the currency could fall quite sharply if the summit passes without such action. Either way the markets look vulnerable to upset all over again.

On a historic multiple of around 15, equities look reasonable value in the[redacted]ory and could attract some cash now that the new quarter has started. But [redacted] yield premium [redacted] gilts remains very tight at only [redacted] 10 [redacted] points. [redacted] have very little room to outperform.

[redacted] part [redacted] some [redacted] payouts by electricity companies, divi[redacted] growing [redacted] around 10 [redacted] cent. [redacted] a stretch the prospect of real dividend growth could offer some compensation [redacted] equities' [redacted] premium [redacted] gilts. [redacted] trouble [redacted] high [redacted] dividend growth depends [redacted] rising earnings [redacted] turn requires [redacted] robust recovery. If that happens rising real [redacted] in [redacted] market could still hold equities back.

Vendôme

[redacted] of the Dunhill and Car[redacted] luxury [redacted] one of the world's biggest purveyors of trinkets to the glittering classes. With [redacted] 23bn, [redacted] of the [redacted] accessible [redacted] for exploiting [redacted] rich. Lingering recession in Europe and Japan may have hampered prog[redacted] year. [redacted] rake in the money [redacted] recovery rages. Such thinking has helped [redacted] shares race ahead since last year's listing.

Yet, [redacted] inspection, [redacted] hard to justify Vendôme's opulent rating. [redacted] internal workings of [redacted] Vendôme empire [redacted]. The [redacted] savings of combining the two businesses have been negligible. Nor, as yet, is there much evidence to suggest the merger has produced any incremental sales gains. Other luxury goods [redacted] such [redacted] LVMH and Hermès, [redacted] been notably more upbeat about [redacted] year's prospects. That either [redacted] excessive caution [redacted] Vendôme's part or a realisation that [redacted] merger's benefits will [redacted] realise. By then, however, Ven[redacted] abnormally low tax [redacted] will [redacted] unwound, gnawing [redacted]ings gains.

Moreover, there [redacted] little attraction [redacted] yield. The company [redacted] generate [redacted] in profusion but [redacted] will not necessarily [redacted] generous [redacted] pay-out policy is likely to be dictated more by the cash-[redacted] the majority shareholder, Richemont, than [redacted] minority [redacted]. Vendôme's shares, like [redacted] products, [redacted] only [redacted] with extravagant [redacted].

Nestlé

Equity markets barely [redacted] in [redacted] prices. With around 25 per cent of its profits coming from coffee, Nestlé has most at [redacted], although Philip Morris – through Kraft General [redacted] – and Procter [redacted] Gamble [redacted] significant exposures to the brown stuff. Judging by the steady performance of Nestlé shares, investors are taking the view that manufacturers will have little trouble defending margins despite [redacted] 40 per cent rise in commodity prices.

[redacted] experience certainly gives grounds for [redacted]. When coffee prices soared in the mid-1970s and mid-1980s consumers were mostly prepared to swallow the increase. But in the current price-conscious climate, though, there is no guarantee that history will repeat itself. Both Philip Morris and P&G have adopted aggressive pricing strategies in other consumer markets. Even if consumers are unwilling to pay more this time around, though, it is difficult to see Nestlé being squeezed.

Its strength in instant coffee – where the commodity accounts for only a small proportion of the retail price – is a competitive advantage. Ground coffee manufacturers will face greater pressure to raise retail prices. Although Nestlé is coy about the extent of its hedging, it is generally reckoned to buy more coffee forward than the industry average. And on the reasonable assumption that as market leader Nestlé enjoys higher margins than most of its competitors, particularly own-label [redacted], higher [redacted] prices could be an [redacted]portunity to [redacted] its lead.

Mannesmann chief faces investigation

Continued from Page 1

Hydac and [redacted] further 50 per [redacted] Hydac Filter, another company. Family shareholders [redacted] up to [redacted] per cent in [redacted] variety of smaller, related companies.

However, [redacted] said, [redacted] relationship between Rexroth and Hydac had existed since [redacted] and had been fully discussed when he took over [redacted] Mannesmann's chief executive in 1985.

He said [redacted] business supplied by Hydac represented only a fraction of Rexroth's activities and could have had [redacted] impact [redacted] the latter [redacted], whose turnover has grown from around DM10m (£4m) in 1960 [redacted] DM3.3bn now.

[redacted] companies [redacted] "entirely competitive" [redacted] Rexroth had been able [redacted] offer its interna[redacted] clients much better service through [redacted] long-term relationship with Hydac, Mr Dieter said.

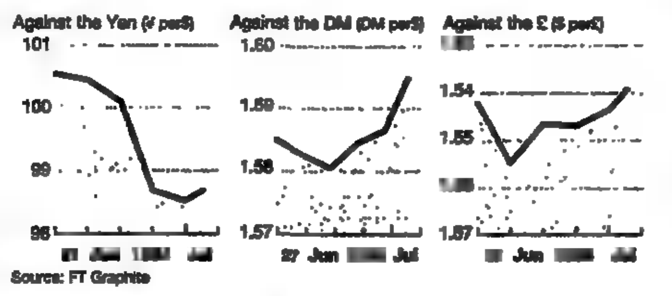
The Mannesmann group lost DM513m last year [redacted] sales of DM27.96bn.

Mr Dieter [redacted] due to step down as chief executive and take [redacted] chairman of [redacted] supervisory board, the non-executive body which oversees [redacted] management.

The move [redacted] have [redacted] announced [redacted] annual meeting next Friday but [redacted] Dieter, 64, [redacted] chances of securing [redacted] post were [redacted] diminishing.

The investigation [redacted] when [redacted] number of big German companies and banks have been affected by a series of [redacted]dals. Metallgesellschaft, [redacted] metals trading group, almost collapsed [redacted] year followed by [redacted] bankruptcy of Schneider, the German property group.

Dollar's roller-coaster [redacted]



Source: FT Graphite

Dollar ends turbulent week on firmer note

[redacted] from [redacted] 1

and [redacted] would help the dollar and world economic growth.

The rally petered [redacted] during late [redacted] trading amid disappointment that central [redacted] had not intervened, [redacted] did [redacted] Friday. The banks, however, chose to stay out [redacted] the [redacted] following [redacted] failure of their earlier efforts.

Traders [redacted] hoping for con[redacted] action next week, possibly in the [redacted] interest rate moves from the US, Germany and Japan. Analysts [redacted], however, that all three [redacted] have good reasons not to want to make policy changes yet. If the market's expectations are dis[redacted] this may well [redacted] the dollar vulnerable. Analysts [redacted] whether [redacted] dollar will take [redacted] sidelines until [redacted] the G7 [redacted] or endure [redacted].

[redacted] had [redacted] better week, [redacted] suffering heavily [redacted] the dollar first slipped [redacted] Y100 [redacted] June 21. The FT-SE 100 index finished [redacted] 2,936.4, a 2.1 [redacted] cent rise [redacted] week, and in Frankfurt [redacted] Dax climbed 1.6 [redacted] higher [redacted] the [redacted] period. However, the Nikkei 225 in Tokyo and the CAC 40 in [redacted] each [redacted] by more than 1 [redacted] during [redacted] week. In early afternoon trading [redacted]terday, [redacted] Dow Jones [redacted] Monday's opening.

Arafat returns in triumph to Palestinians

Continued from Page 1

that [redacted] "President" will [redacted] to solve unemployment [redacted] per cent; rampant poverty; and appalling sewage, water, [redacted]port and electricity problems.

In [redacted] ride [redacted] City, Arafat sped past squalid refugee camps [redacted] rubbish dumps. He also [redacted] taste of the presence of [redacted] Jewish [redacted] in the heart [redacted] Gaza and [redacted] the West Bank.

Many in the opposition believe all they have to do is sit and wait for the chairman to [redacted] in [redacted]. Dr Mahmoud Zohar of [redacted] Hamas Islamic Resistance movement said: "He will fail, no matter how much money Arafat brings, because the peace agreement is so far below the basic demands of Palestinian people."

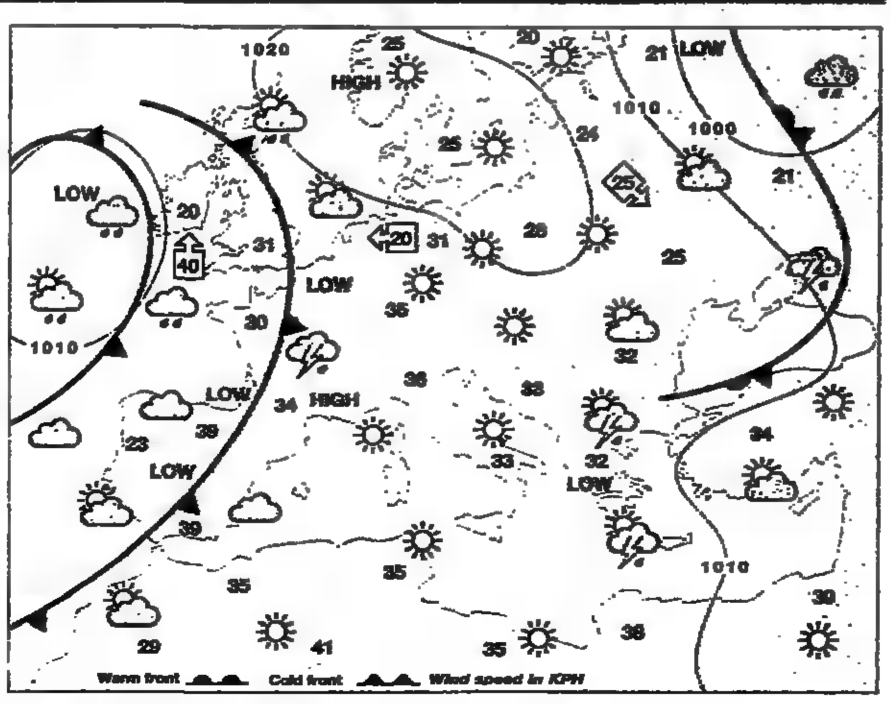
FT WEATHER GUIDE

Europe today

As a depression stalls over the Atlantic, a south-westerly [redacted] very warm [redacted] humid [redacted] will be maintained. Eastern regions of [redacted] will experience a [redacted] wave, [redacted] temperatures [redacted] general. It will [redacted] sunny [redacted] a wide front from Spain to Denmark, apart from [redacted] few [redacted] thundery [redacted] France, Belgium and [redacted] it [redacted] be generally sunny [redacted] Scandinavia and [redacted] Europe. In England, thundery showers will [redacted] northward [redacted] sunny periods will [redacted] and many regions should [redacted] dry [redacted] temperatures ranging from 27C-[redacted] in inland regions [redacted] England. In [redacted] Europe, [redacted] a front will generate heavy thunderstorms [redacted] Bulgaria.

Five-day forecast

In general, [redacted] no significant change. Temperatures will stay [redacted] 35C from [redacted] France to [redacted] and southern Germany, [redacted] Alps and Italy. Sunshine will [redacted] general along [redacted] until [redacted] Tuesday. Over [redacted] UK, sunny periods will [redacted] interspersed with showers. Temperatures will continue [redacted] present [redacted] until Tuesday.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

Maximum			Beijing	cloudy	31	Caracas	cloudy	[redacted]	Faro	fair	28	Madrid	sun	37	Rangoon	drzzl	[redacted]
Celsius			Belfast	fair	21	Cardiff	shower	[redacted]	Frankfurt	sun	37	Majorca	sun	32	Reykjavik	sun	[redacted]
Abu Dhabi	sun	39	Belgrade	sun	33	Casablanca	fair	27	Geneva	sun	33	Malta	sun	31	Rio	fair	[redacted]
Accra	thund	30	Berlin	sun	30	Chicago	thund	27	Gibraltar	fair	[redacted]	Manchester	shower	[redacted]	[redacted]	sun	[redacted]
Algiers	fair	35	Bermuda	fair	31	Cologne	sun	36	Glasgow	fair	22	Manila	shower	33	S. Frsco	sun	23
Amsterdam	thund	29	Bogota	shower	18	Dakar	fair	28	Hamburg	sun	29	Melbourne	fair	15	Seoul	fair	27
Athens	fair	31	Bombay	rain	30	Dallas	sun	37	Helsinki	sun	24	Mexico City	shower	20	Singapore	rain	30
Atlanta	thund	31	Brussels	fair	33	Delhi	fair	37	Hong Kong	fair	32	Miami	thund	32	Stockholm	sun	25
B. Aires	fair	13	Budapest	sun	33	Dubai	sun	39	Honolulu	cloudy	31	Milan	sun	35	Strasbourg	sun	35
B.ham	fair	27	C.hagen	sun	23	Dublin	fair	20	Istanbul	fair	30	Montreal	thund	28	Sydney	cloudy	15
Bangkok	cloudy	32	Cairo	sun	39	Dubrovnik	fair	31	Jakarta	cloudy	32	Moscow	shower	21	Tangier	[redacted]	[redacted]
Barcelona	sun	30	Cape Town	fair	16	Edinburgh	fair	19	Jersey	shower	24	Munich	sun	31	Tel Aviv	[redacted]	[redacted]
									Karachi	cloudy	33	Nairobi	shower	26	Tokyo	rain	27
									Kuwait	sun	42	Naples	sun	33	Toronto	thund	29
									L. Angeles	sun	[redacted]	Nassau	fair	[redacted]	Vancouver	shower	19
									Las Palmas	windy	[redacted]	New York	fair	[redacted]	Venice	[redacted]	[redacted]
									Lima	cloudy	19	Nice	sun	[redacted]	Vienna	[redacted]	[redacted]
									Lisbon	fair	26	Nicosia	sun	[redacted]	Warsaw	sun	28
									London	thund	30	Oslo	sun	25	Washington	[redacted]	33
									Luxbourg	thund	[redacted]	[redacted]	fair	34	Wellington	[redacted]	9
									Lyon	[redacted]	25	Perth	[redacted]	18	Winnipeg	fair	28
									Madeira	[redacted]	25	Prague	[redacted]	30	Zurich	sun	32

هكذا من الأرجل

Weekend FT

SECTION II

Weekend July 2/July 3 1994

*Forty years ago, James D. Watson and Francis Crick made a discovery described as the greatest achievement of science in the 20th century. **Christian Tyler** tells the story*

They way we were: Watson and Crick (centre) when they made [redacted] breakthrough. The way they are today: Crick is on the left, Watson on the [redacted]

The famous DNA double act

The professor was galloping back and forth along the [redacted] line, returning his [redacted] slamming serves with an aggressive, short-swinging stab. His pursuit of the ball [redacted] single-minded, and impressively nimble for a 66-year-old.

A mile or so from this animated [redacted] John [redacted] cliffe Hospital, in Oxford, were concluding a remarkable post mortem examination. They reported that 'Otzi', a Tyrolean hiker overtaken by [redacted] blizzard and frozen to death 5,000 years ago, has at least 88 relatives living in [redacted] Alpine region today and other kinsmen dotted round Germany and northern Europe. [redacted] Otzi could not be, as some have tried to claim, [redacted] Peruvian mummy deposited [redacted] the mountain pass three years ago by a practical joker.

The professor had been bouncing about the tennis court for half an hour, whooping and exclaiming. Now [redacted] collected up [redacted] things, thanked the coach, complained that he had not been up to his best but said he [redacted] glad [redacted] have [redacted] another ounce or two.

Meanwhile, [redacted] few fields away, [redacted] controversy was raging over a cabbage patch. Another group of scientists had been given permission to release on to their test site [redacted] genetically-altered virus designed to kill the caterpillar of a pest called the cabbage looper. But a local resident, a materials scientist, had [redacted] the statutory announcement in the local paper and protested. [redacted] there any guarantee, he wanted to know, [redacted] the virus – which contains [redacted] gene for scorpion venom – [redacted] not [redacted] other kinds of insect or breed with wild viruses? It was the biggest row of its kind yet seen in Britain. The experiment was interrupted.

[redacted] two [redacted] like thousands more going on in medicine and agri[redacted] all [redacted] the world, are the results [redacted] a biological [redacted] tennis player, [redacted] D. [redacted] and his [redacted]

Their discovery [redacted] the molecular structure [redacted] deoxyribonucleic acid, DNA, the famous [redacted] helix, was made more than [redacted] years ago [redacted] the Cavendish Laboratory in Cambridge. [redacted] was published in [redacted] just [redacted] Queen's coronation and the British team's conquest of Everest.

[redacted] was a vital link in the chain of discoveries which the late Sir Peter Medawar called in his book *Pluto's Republic* "the greatest achievement of science in the 20th century". [redacted] only [redacted] share the Nobel prize for [redacted] but, contrary to their own expectations at the time, lived to see its extraordinary conseq[redacted]

They are both alive, and both still kicking. [redacted] Crick, now [redacted] holds [redacted] specially-created [redacted] the Salk [redacted] in La Jolla, California. On a visit to Lon[redacted] last [redacted] to promote his new book he told me: "The general reaction of younger [redacted] – if they don't say it you can see it in their eyes – is 'Good heavens! Are you still alive?'" He recounted how a young woman was selling a car to him and his wife, Odile. On hearing the name she [redacted] suspiciously at [redacted] "Anything to do with DNA?" [redacted] confirmed that he was and she exclaimed: "But I've got a photo of you over my bed!"

The former colleagues are a paradoxical pair. Both work in the US, but Watson, the American, is very much [redacted] Anglophile. Crick, [redacted] Englishman, [redacted] Californian lifestyle. [redacted] itself, [redacted] spiral [redacted] which unwind [redacted] decouple for replication, their own lives have diverged. [redacted] beneath the [redacted] they are remarkably similar.

Jim [redacted] younger man but looks [redacted] He confessed that he had [redacted] overweight during his [redacted] Cold Spring [redacted] bor, the laboratory on Long Island, New York, [redacted] he [redacted] director and responsible [redacted] raising funds for young [redacted] But the [redacted] he [redacted] been [redacted] as [redacted] visiting [redacted] Lincoln College, Oxford, has allowed him time to get fit and recover something of his former skinny profile. Behind the old man's visage one can recognise the gawky, precocious youth with the large [redacted] smile and self-mocking, slurping [redacted] who [redacted] in Cambridge in [redacted]

[redacted] hair [redacted] white [redacted] the face below it is [redacted] and young, for all [redacted] he [redacted] lived [redacted] 18 [redacted] on [redacted] Coast. He [redacted] still the energetic talker [redacted] by Watson in his [redacted] seller, [redacted] *Helix*, but there [redacted] little trace today of the hyena laugh which so upset Sir Lawrence Bragg, head of the Cavendish laboratory. [redacted] display [redacted] characteristic which Watson [redacted] first [redacted] book: "I have never seen [redacted] in a modest mood." [redacted] says now: "I think he meant I was usually exuberant. He just used the [redacted] word." Maybe.

Although their [redacted] separated them long [redacted] men meet occasionally. When they talk about each other now it is with a critical but nostalgic affection – with [redacted] ration, [redacted] Watson, the precocious one [redacted] went to the university [redacted] Chicago at the [redacted] of [redacted] says Crick has the faster brain. He still professes to be puzzled that the [redacted] man, so brimming with ideas, should have taken as long as he did – he was in his mid-30s [redacted] they discovered [redacted] double helix – to [redacted]

Watson has [redacted] as [redacted] without [redacted] book his col[redacted] might not have become known to the public at all. "Francis went to the extremes of trying to avoid the press," he said, "which I think diminished his importance in the world." Watson once wrote that Crick would prove to be as important [redacted] as Rutherford or Bohr. Had he? "I think so."

And how [redacted] Crick [redacted] you might call the [redacted] boy. He doesn't [redacted] very easily. But he has turned [redacted] an [redacted] narily good scientific administrator, [redacted] example, both at raising money [redacted] at getting good people. He's very shrewd, in fact."

Both say they owe their present [redacted] the fact [redacted] they [redacted] Nobel [redacted] They shared [redacted] prize in 1962 with Mau[redacted] Wilkins, [redacted] friend of Crick's from the war years, whose X-ray [redacted] on the DNA molecule at King's College, London, was [redacted] to the discovery. There [redacted] benefits, [redacted] Crick, one of which was getting past bureaucrats. He [redacted] how, scruffily dressed, he went to the US embassy in London [redacted] a visa so [redacted] he could deliver [redacted] lecture in America. The woman behind the desk asked him how he could support himself on one lecture alone and was incredulous when told he was getting paid $1,000 for it (this [redacted] some [redacted] ago), and transfigured when she learnt he was a Nobel prizewinner.

"But it doesn't help socially," said Crick, "[redacted] treat you as some sort of strange animal. If they find themselves at dinner sitting next to a Nobel prizewinner they worry about what their conversation is like."

[redacted] man will [redacted] that the [redacted] helix was the climax [redacted] his career, [redacted] the rest had [redacted] less interesting. Watson maintains that he has derived more pleasure from his books in the long run – [redacted] textbooks as well as the best-seller – "[redacted] were [redacted] my own". [redacted] is writing a sequel to *The Double* [redacted] about his [redacted] Cambridge, in which he describes his pursuit of pretty girls and his eventual marriage, at the age of 40, to Elizabeth Lewis. He wants to call the sequel *Genes and Girls*, if his publisher will let him. "First I found the perfect molecule and then the perfect woman," [redacted] laughed.

[redacted] returned [redacted] in 1953, still only 25 years old and feeling, as he wrote later, "too old to be unusual". [redacted] worked with [redacted] tinguished chemist Linus Pauling and taught [redacted] being appointed [redacted] run the [redacted] Spring Harbor laboratory. [redacted] stayed [redacted] Cambridge finished his PhD and [redacted] crack the [redacted]

Through [redacted] students, Watson is still [redacted] in pursuing genes, especially [redacted] which could account for [redacted] disorders such [redacted] cancer, [redacted] disease, or manic depression. He [redacted] part-time director of [redacted] genome project in Washington, DC, [redacted] sacked by the parent body, the US National [redacted] Health two years ago, allegedly for a poten[redacted] conflict of interest [redacted] professional work and private shareholdings in biotechnology companies.

[redacted] the real [redacted] said, was [redacted] clash [redacted] his scientific opinion and a bureaucrat's power [redacted] In his characteristically [redacted] way,

Continued on Page IX

CONTENTS

Tony Benn explains why he wants the next head of state chosen through the ballot box XXIV

Long View/Barry Riley

Midsummer's dream

The bland complacency [redacted] Treasury's summer [redacted] UK [redacted] this [redacted] strikingly with the recent mood of puz[redacted] alarm in the securi[redacted] It [redacted] from [redacted] Treasury's [redacted] that [redacted] lor [redacted] nothing [redacted] worry about as the economy cruises steadily [redacted] comfortable equilibrium – except perhaps about precisely how to time modest tax reductions for the best effect ahead of the next general election.

Certainly, [redacted] dives in equities and gilts do not fit into this rosy picture. [redacted] must be, the Treasury muses, that confused [redacted] have [redacted] alarmed about a possible future rise in inflation. [redacted] usual the Treasury is completely out of touch.

The Treasury's computer model is far from being the worst of [redacted] kind at tracking the economy, and indeed the [redacted] been adjusted further in line with the consensus, but recent history has shown that such devices are hopeless [redacted] forecasting the future.

The document only really tells us [redacted] government would [redacted] the future to be. Financial markets, in contrast, reflect the *actual* effects of money flowing through the global economy. This year they have indicated that large shifts are taking place. No reliable economic forecast can be found [redacted] either; but at least there [redacted] no wishful thinking.

Halfway through the year the [redacted] cial damage is, briefly, as follows: [redacted] long-dated gilt-edged yield up from [redacted] to 8.7 per cent, the corresponding index-linked yield up from [redacted] almost [redacted] per cent, and the All-Share Index down by 13 per cent. [redacted] the low point a week ago the Footsie index of 100 blue chips [redacted] showing a decline of 18 per cent from [redacted] February 2 peak.

Six months ago I suggested that equities were overpriced and becoming dangerous, although [redacted] turning point might not [redacted] all [redacted] (it was nearer than I thought). I [redacted] that [redacted] would [redacted] when [redacted] benign relationship [redacted] US and Japanese capital markets, which had prevailed in bullish 1993, [redacted] down.

At under 3,000 [redacted] the Footsie the UK equity market has returned to a level offering [redacted] long-term value. By this I mean that if you buy now you will not [redacted] decision in three or four years.

The dividend yield is now back to [redacted] per cent on the market as [redacted] whole and, with dividends growing at a comparatively rapid rate of 6.4 per cent year-on-year, the income argument for holding shares has been reinstated.

The [redacted] price-earnings ratio, based on prospective 1994 earnings, [redacted] rather less alluring at perhaps 15. Low dividend cover continues [redacted] a problem, although it [redacted] if [redacted] couple of [redacted] profits growth can be achieved. It is likely that shares will get cheaper. We are coming out of the part [redacted] cycle when equities [redacted] in relation [redacted] to the long-term fundamentals and [redacted] entering [redacted] phase of possible *under*valuation, [redacted] real [redacted] are rising.

The complication [redacted] is that real interest rates are not primarily set by [redacted] is going [redacted] locally in the UK but [redacted] heavily influenced by global developments. Last year the weaknesses in the Japanese and Continental European economies encouraged a fall in interest [redacted] But with Europe, [redacted] least, [redacted] ering, if not yet Japan, the balance has changed in 1994.

[redacted] key external sign of the shift [redacted] the weakness [redacted] the dollar, down [redacted] 99 yen this year. The explanation [redacted] simply one [redacted] supply and demand: [redacted] only are the Americans running a current account deficit of $140bn a year but they are buying large [redacted] of for[redacted] to diversify [redacted] portfolios. To [redacted] these flows foreigners must make dollar deposits or buy dollar securities [redacted] tune in aggregate of some $250bn-300bn. [redacted] appetite has run out.

In particular [redacted] Japanese, [redacted] world's [redacted] surplus savings, are staying [redacted] home. Their view [redacted] outside [redacted] can [redacted] summed up by one of the statistics buried deep in the FT-Actuaries [redacted] Index matrix: [redacted] *World* [redacted] *Japan* index, expressed in [redacted] tumbled by [redacted] per [redacted] in six months.

[redacted] evidently [redacted] on, say [redacted] in Tokyo. The [redacted] markets [redacted] even worse. But the [redacted] equity markets [redacted] differently from [redacted] viewpoint in [redacted] US. The [redacted] *ex US* index, in dollars, is 8 per cent *higher*. [redacted] bull market, Americans think, albeit a modest one – and [redacted] almost entirely on Japan.

W[redacted] happens [redacted] likely, the [redacted] will [redacted] to [redacted] rates, perhaps quite sharply, in [redacted] reverse the flows out of the dollar.

[redacted] dollar-yen exchange [redacted] may have to go to [redacted] silly level first. Eventually the Japanese, and others, will pile into dollar bonds. But the global economy will slow down, which could damage equities.

This time last year, when the [redacted] was [redacted] where it is now, I suggested that [redacted] prices might be driven up in a liquidity-based surge, into which I would be a seller. We may now face [redacted] mirror image of that. Equities may [redacted] hit by the backlash from the necessary rebalancing of the dollar economy.

[redacted] the second half of the year may be [redacted] time for exploiting opportunity, just as the first half has been [redacted] period for avoiding risk. Savers [redacted] low [redacted] deposit [redacted] in the early [redacted] 1994 did the wrong thing. They might eventually regret a reverse move this summer.

If you feel worried, my advice [redacted] to splash out £6 on the Treasury's summer forecast, sit in the warm sunshine and wallow in its purple passages (well, blue charts anyway). Sometimes [redacted] no harm in dreaming.

London

Wall Street jerks the strings

Roderick Oram

"For the umpteenth time, I'm not going to support Mr Dehaene," asserted John Major [redacted] a Euro-summit dinner last weekend in Corfu.

Using the "just say no" strat[redacted] of Nancy Reagan, Major stopped the Belgian prime minister from becoming.

If only it [redacted] so [redacted] for European markets to disen[redacted] from [redacted] dollar. They managed to for [redacted] eral days this week but only when [redacted] US inflation and growth lay dormant. But when Wall Street twitched [redacted] Thursday, European bourses [redacted] markets jerked.

In [redacted] commendable perfor[redacted] albeit on light volume, [redacted] FT-SE [redacted] index [redacted] four out of five days for a net gain [redacted] week [redacted] points. This failed [redacted] repair fully, however, the damage of [redacted] previous week when [redacted] index fell [redacted] points.

Thursday *was* [redacted] *fittingly* down-day [redacted] end a depressing half-year. Once February's peaks [redacted] scaled, it [redacted] downhill all the way. The Footsie took the brunt of the sell-off, falling 14.6 [redacted] cent [redacted] the half-year.

The worst [redacted] distribution [redacted] financials which fell [redacted] than 35 [redacted] cent. The [redacted] oils, miner[redacted] and chemicals which fell less than 4 per cent.

The FT-SE [redacted] index of mid-sized companies outperformed it, however, on the way [redacted] and down. [redacted] was off [redacted] per [redacted] at [redacted] half-year end. The best performance came from FT-SE Small Cap index, home to [redacted] remaining [redacted] companies in FT-SE-A All-Share Index. Having enjoyed [redacted] strongest rally in the [redacted] month of the year it was down only 4.7 per [redacted] by [redacted] of June.

The trigger for February's market reversal [redacted] the [redacted] monetary tightening of the cycle by [redacted] Federal Reserve. Again [redacted] coming week, the [redacted] of global [redacted] *will hang on the Fed* [redacted] policy-setting committee [redacted] Tuesday and Wednesday.

Will it [redacted] won't it raise [redacted] Fed Funds rate? Some analysts and investors hope that higher [redacted] interest [redacted] will bring stability [redacted] the dollar and thus bond and [redacted] markets.

They argue that rapid [redacted] growth [redacted] inflationary dan[redacted] warrant [redacted] rise in Fed Funds by [redacted] one-quarter of a percentage point, if not one-half.

Others argue that a rate rise is unjustified by domestic US [redacted] any-way [redacted] would [redacted] flimsy [redacted] the dollar [redacted] interven[redacted] jaw-boning by central bankers. The fundamental weakness [redacted] the dollar and strength of the [redacted] defy such [redacted] policy remedies.

The no-change camp has [redacted] eral good arguments. The [redacted] economy [redacted] shown signs *recently of decelerating*, [redacted] modity prices (except coffee) have cooled, and [redacted] Fed is sporting President Clinton's first two, and presumably more dovish, nominees, Alan Blinder and Janet Yellen.

Sharp criticism of another rate rise comes from Robin Aspinall of Panmure Gordon. "Raising interest rates hardly [redacted] succeeds in saving an intrinsically weak [redacted] cy ... the forces driving [redacted] yen higher look irresistible."

[redacted] far greater concern lies with [redacted] lack of money flowing [redacted] markets. The problems of the dollar [redacted] entwined with [redacted] bond markets. "The Fed [redacted] when they pricked [redacted] speculative bubble [redacted] February, *they* generated [redacted] intense liquidity crisis. That liquidity crisis poses [redacted] continuing [redacted] markets [redacted] economy. And the correct [redacted] to [redacted] liquidity crisis is [redacted] rates."

Not surprisingly, given [redacted] position, chancellor Kenneth Clarke [redacted] upbeat view. Unveiling the Treasury's forecasts [redacted] week, he [redacted] the economy was enjoying "quite [redacted] best combination [redacted] circumstances ... *for a very, very* long time."

The Treasury expects growth this year of 2.75 per cent (against [redacted] forecast [redacted] per cent last November) [redacted] another 2.75 [redacted] in [redacted] It believes retail prices minus mortgage payments will rise 2.5 per cent [redacted] year (against November's [redacted] of 3.25 per cent) and [redacted] per [redacted] year.

[redacted] analyst seeing [redacted] stronger [redacted] and an opportunity to pick [redacted] accordingly, is [redacted] Walton, [redacted] Capel's UK *strategist. He* [redacted] higher [redacted] in [redacted] US and lower rates in Europe will bol[redacted] currency.

His analysis of 50 large UK [redacted] dollar shows that they out-perform [redacted] market by [redacted] 4 [redacted] for every 10 per cent rise in the dollar against sterling. Typically, the stocks [redacted] in [redacted] aerospace, pharmaceutical, drinks, packaging and [redacted] sectors plus a handful in [redacted] and engineering.

If [redacted] think, however, the dollar will fall by 10 per cent, [redacted] of [redacted] would [redacted] likely tounderperform by 1 to 2 per cent.

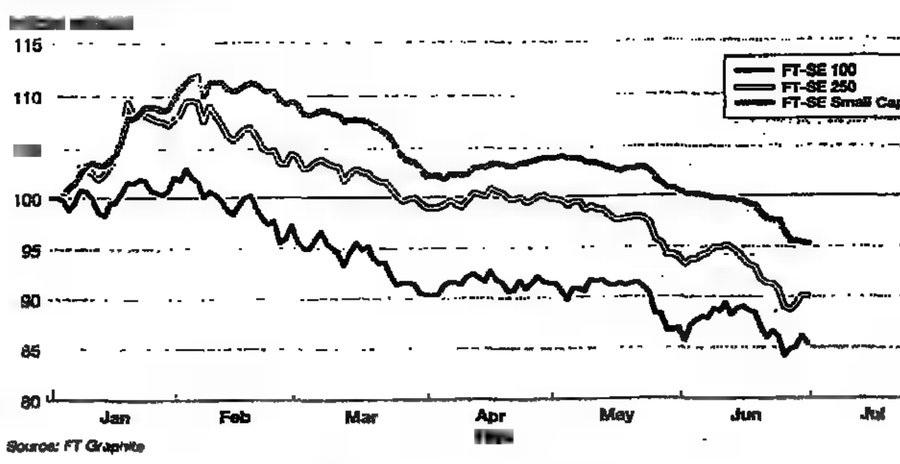
Picking the [redacted] buy [redacted] much [redacted] minds of institutional inves[redacted] through all this [redacted] turbulence. Many [redacted] believe the downside [redacted] market [redacted] limited and that [redacted] rally will come. But will [redacted] trigger for it?

Probably not, [redacted] Barton Biggs, the strategic guru [redacted] Morgan Stanley in [redacted] York who [redacted] on [redacted] European tour. "It will be just [redacted] spontaneous [redacted] bustion in the compost heap."

One long-smoldering [redacted] saga which burst [redacted] *flames* [redacted] prise Oil's bid [redacted] Lasmo. [redacted] bid [redacted] entirely beyond rhetoric from either side [redacted] elevated [redacted] sion of [redacted] of [redacted].

The final straw for [redacted] Lasmo shareholders was Enterprise's Wednesday tea-time raid which gave it 10 per cent of the stock. Only [redacted] handful of investors [redacted] able to sell [redacted] at up [redacted] 169p. The [redacted] yesterday at 136p [redacted] Enterprise's bid failed.

To [redacted] Hearne, Enterprise's [redacted] and chief executive, an overwhelming majority [redacted] just said no.



First half fall-out

Source: FT Graphite

HIGHLIGHTS OF THE WEEK

	Price y'day	Change [redacted]	1994 High	[redacted] Low	
FT-SE [redacted] Index	2936.4	+59.8	3520.3	[redacted]	[redacted] bond [redacted]
FT-SE [redacted] 250 [redacted]	3415.8	+41.8	4152.8	[redacted]	Bargain [redacted]
BAT [redacted]	398	[redacted]	570	372	Recovery after heavy [redacted]
[redacted]	298	+6	363	[redacted]	[redacted] expected prelims
[redacted]	104	-32	171	[redacted]	[redacted]
[redacted]	609	+41	725½	566	Tops [redacted]
[redacted]	281	-19	592¼	259	[redacted]
[redacted] Devs	508	-19	558	[redacted]	In sympathy with [redacted]
[redacted] Met	412	+36	506	375	[redacted] analysts' [redacted]
Kingfisher	508	+27	778	477	BZW removes it [redacted] list
[redacted]	169	-45	310	165	[redacted] warning
Midlands Elect	600	+53	767	[redacted]	Dividend increased by [redacted]
Utd [redacted]	514	+29	731	[redacted]	Price war contained
Wellcome	588	-10	704	[redacted]	Competition [redacted]
Zeneca	726	[redacted]	869	672	[redacted] over drug [redacted]

Serious Money

Tricky tips from the horse's mouth

Gillian O'Connor, personal finance editor

I[redacted] dealing is [redacted] criminal offence in [redacted] but directors' dealings [redacted] perfectly okay. So okay, in fact, that the [redacted] *FT* publishes lists of such [redacted] regularly [redacted] potentially [redacted] ful tool for [redacted] (this week's list [redacted] found on page IV).

The difference between the two comes down to the con[redacted]. Essentially, insider deal[redacted] by [redacted] those where they can [redacted] of their superior knowledge [redacted] a company's [redacted].

For example, [redacted] exchange [redacted] dealing [redacted] company's [redacted]. This is [redacted] results [redacted] influence [redacted] prices, [redacted] catch-all [redacted] also [redacted] dealing [redacted] unpub[redacted] price [redacted] informa[redacted].

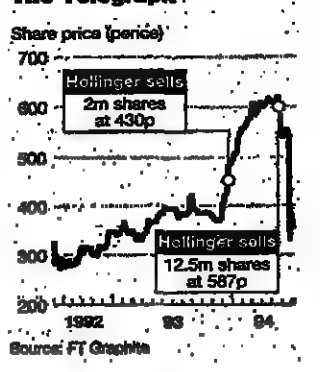
It [redacted] be tricky [redacted] outside observer [redacted] understand exactly where [redacted] line between acceptable [redacted] dealings and unacceptable [redacted] ing [redacted]. Take, for [redacted] ple, [redacted] large [redacted] Telegraph [redacted] May by Hollinger, a [redacted] by [redacted] an-born Telegraph chairman [redacted].

When the management [redacted] the newspaper's price [redacted] week, [redacted] Telegraph [redacted] price plunged. [redacted] had bought shares from *Hollinger* [redacted] *hopping* [redacted] and [redacted] of [redacted] brokers, [redacted] nove, [redacted] now resigned.

The stock exchange cleared [redacted] found no evidence that [redacted] price [redacted] contemplated [redacted] the [redacted] sale. But [redacted] Telegraph shareholders who copied Hollinger's [redacted] must now [redacted] counting their blessings.

This is not an isolated [redacted] ple. In 1991, Alan [redacted] sold [redacted] chunk of his large Amstrad shareholding and some of his co-directors followed suit. Four [redacted] later, the share price had [redacted].

No [redacted] many [redacted] following directors' [redacted] is like [redacted] from the [redacted] mouth.



The Telegraph

Share price (pence)

Source: FT Graphite

In [redacted] States, [redacted] of [redacted] investor, most fund [redacted] and [redacted] private [redacted] ings. They [redacted] catching on in Britain.

But, like all [redacted] indicators, [redacted] dealings [redacted] interpretation. Only [redacted] small minority [redacted] pointers.

Generally speaking, [redacted] significant when directors buy than when they sell. Few people buy shares unless they expect them to rise.

T[redacted] are, however, [redacted] reasons for selling [redacted] gloom about [redacted] price prospects. The [redacted] *might, for example,* simply need [redacted] to buy a [redacted] or [redacted] his kids.

Directus, which provides the *Weekend FT's* weekly lists of directors' dealings has some other [redacted] for would-be sleuths.

- Pay [redacted] only [redacted] purchases which are meaningful in relation to the [redacted] other holdings – say, 10 per cent or more.
- When more than one director buys at the same time, it is always worth a close look – *unless they are just the token* purchases of new directors.
- And if directors fail to take up shares in a rights issue, it is probably worth following their example.

But directors' dealings should [redacted] be looked [redacted] in isolation. If a single director [redacted] be [redacted] only buyer in sight and everyone [redacted] in the market [redacted] worried, *he could be* fighting a [redacted] battle, making him [redacted] dangerous man [redacted] follow.

Look at any given deal in the light [redacted] earlier [redacted]. If the directors have made [redacted] a market peak, a small purchase lower down [redacted] necessarily *mark a* turning point.

Remember, too, that [redacted] on [redacted] company announcements means [redacted] purchases just [redacted] the barrier [redacted] down may [redacted] particularly significant.

[redacted] – [redacted] corporate shareholders – have [redacted] of getting their share dealing right while avoiding [redacted] hint [redacted] impropriety.

Sir [redacted] Harris [redacted] always [redacted] happy [redacted] in [redacted] carpet trade. The [redacted] by [redacted] conglomerate caught the market just in time. [redacted] Cayzer family, which is keeping [redacted] in new [redacted] (see page IV), [redacted] usually proved commendably canny in [redacted] market dealings.

Always remember, though: [redacted] you [redacted] your tips right from the [redacted] mouth, [redacted] ing [redacted] blindly [redacted].

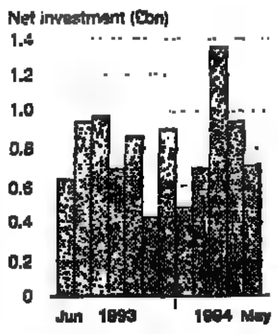
□□□

[redacted] sight. [redacted] more competition is creeping into the financial services area. Abbey National, the building society turned bank, is nearly halving its overdraft rate.

What is more, Abbey, unlike many competitors, does not [redacted] a fee for allowing [redacted] to have an [redacted] in the first place. True, Abbey is a minnow in this field. But its move could still exert some pressure on its larger rivals.

AT A GLANCE

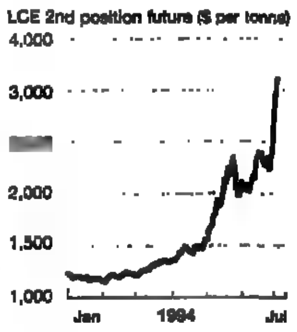
Finance and the Family Index



Unit trusts

Net investment (£bn)

Source: AUTIF



Coffee

LCE 2nd position future ($ per tonne)

Source: FT Graphite

Unit trust investment suffers another fall

[redacted] in unit [redacted] for [redacted] month running [redacted] a [redacted] in May. The figure [redacted] from [redacted] May's [redacted] £915m, but [redacted] above [redacted] levels. Private [redacted] accounted for 87 per [redacted] of [redacted] UK Equity Income [redacted] others. [redacted] preferred Japan [redacted] Fund [redacted] sectors. The [redacted] funds slipped [redacted] month to £95.1bn *from* £97.1bn in April.

Coffee [redacted] cost more

Soaring prices on [redacted] coffee futures [redacted] will [redacted] consumers paying [redacted] for their supermarket purchases [redacted] instant [redacted] market quickly collapses.

The [redacted] price [redacted] the London Commodity Exchange has risen by over 150 per [redacted] this year from $1,198 a [redacted] in January [redacted] through $3,000 a [redacted] Monday, prices [redacted] a 7½ [redacted] high, after frost damage in Brazil.

The market [redacted] expected [redacted] remain strong [redacted] for the [redacted] weeks, [redacted] Brazilian crop [redacted] particularly vulnerable [redacted] harvest. Over the longer term, [redacted] market is buoyed by rising demand and a slip in production as a result of extremely [redacted] prices in [redacted] past couple [redacted].

Fidelity moves on charges

Fidelity is abolishing withdrawal charges on its unit [redacted] personal equity plans from Monday. [redacted] will [redacted] increasing [redacted] initial charge [redacted] Peps from 2 to [redacted] per cent from August 1. The annual charge will remain that [redacted] the underlying fund. Fidleity was [redacted] first to [redacted] a [redacted] initial charge, [redacted] with tapering [redacted] charges in [redacted] years ago [redacted] that investors found the charging [redacted] confusing.

More smaller companies gloom

[redacted] in smaller companies did worse than [redacted] market, [redacted] Hoare Govett Smaller Companies index (Capital gains version) fell 2.1 per [redacted] to [redacted] week ending 1 July, compared with 1 per cent for the FT-SE 100 index. But over the year as a whole small companies [redacted] relatively resilient. The small companies index is 4.8 per [redacted] year compared with 14.6 per cent for the FT-SE 100 index.

Next week's Finance and the Family

Commodity prices are on the [redacted] again. [redacted] is [redacted] news for inflation, but good news for investors in commodity [redacted] who get [redacted] right. [redacted] explain what's happening in the markets [redacted] how to invest.

Wall Street

Predatory bears make a meal of the Dow

If [redacted] doubted [redacted] was in [redacted] steep decline, con[redacted] the [redacted] Industrial Average [redacted] fallen for the [redacted] quarters, the [redacted] time it [redacted] registered [redacted] secutive quarterly declines [redacted].

True, the [redacted] three-month period [redacted] only a [redacted] 11 points, or [redacted] *cent.* [redacted] *the* 118-point [redacted] recorded in [redacted] quarter, it [redacted] Dow's [redacted] first-half performance in [redacted].

[redacted] mean the long bull [redacted] is over, and [redacted] equi[redacted] are now [redacted] firmly in a [redacted] phase? [redacted] necessarily.

While [redacted] is clear [redacted] bulls no longer [redacted] on Wall Street, [redacted] since [redacted] Federal [redacted] early in February, it [redacted] so clear that large numbers [redacted] investors' are looking elsewhere in search of better returns. For many, stocks remain [redacted] in town.

Although recent anecdotal [redacted] from [redacted] mutual fund industry [redacted] investor demand [redacted] stock [redacted] slowed in June, more money was still flowing in than flowing out. Fidelity, the largest mutual fund [redacted] in the US, [redacted] the amount put into [redacted] stock funds by clients last month [redacted] half [redacted] total recorded in May.

Yet, May was [redacted] surprisingly strong month, both for Fidelity and the [redacted] the mutual fund industry, with a net *$11.8bn invested* [redacted] *US-*based [redacted] funds by individu[redacted] and [redacted] comparable with some of the [redacted] months of 1993. (It [redacted] stock, funds which have taken [redacted] real beating [redacted] year, recording [redacted] outflows [redacted] cash in February, March and May – [redacted] probably also in June – in the wake of steadily declining bond prices).

According [redacted] fund analysts, [redacted] slowing of investment in stock [redacted] is the result [redacted] taking a more cautious, rather than an outright [redacted] view [redacted] putting more [redacted] stocks, they [redacted] putting it into short-term money market funds.

[redacted] are offering [redacted] returns [redacted] they represent [redacted] haven [redacted] a time [redacted] equity [redacted] behaving erratically.

That erratic behaviour was on display [redacted] week. On Monday, [redacted] opened [redacted] analysts in a nervous mood [redacted] previous Friday's 62-point drop in the Dow.

They [redacted] worried that fresh [redacted] in [redacted] dollar [redacted] turmoil in bond and [redacted] markets, with investors increasingly [redacted] that [redacted] might [redacted] rates [redacted] the ailing [redacted] currency.

[redacted] no one's surprise, the [redacted] dropped 26 points in early trading on Monday, [redacted] the pessimists began predicting that [redacted] would fall [redacted] 3,600 well [redacted] the [redacted] was out. Yet, for no immediately [redacted] the market staged [redacted] the Dow rallying more than [redacted] points to end [redacted] higher [redacted] 3,685.50.

The rebound, however, [redacted] as impressive as it seemed because volume was low by recent [redacted] 250m shares) and because [redacted] were almost as many shares [redacted] ended lower [redacted] Monday *as* [redacted] *higher.* [redacted] that strength in a [redacted] prominent stocks – Caterpillar, General Motors, General Electric and IBM all rose more than [redacted] dollar – had pulled the market higher.

The [redacted] in market sentiment [redacted] underlined [redacted] the [redacted] when [redacted] slightly across [redacted] board. Then, on Thursday, [redacted] returned in force, [redacted] ing the Dow 42 points lower [redacted] prices [redacted] following [redacted] in [redacted] dollar.

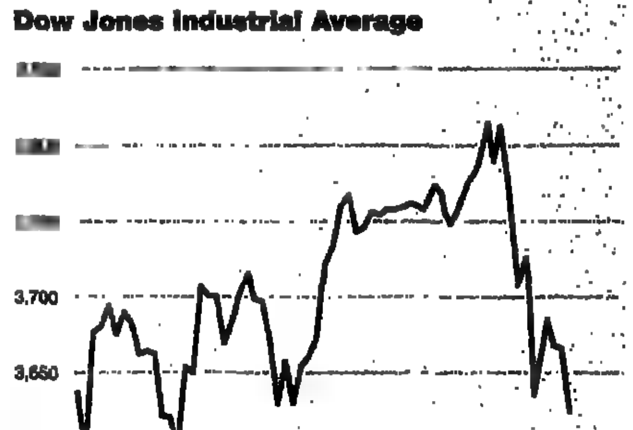
The [redacted] market's [redacted] would have [redacted] worse [redacted] for the usual end-of-quarter buying [redacted] managers [redacted] the psychological [redacted] provided by [redacted] of [redacted] planned multi-billion dollar merger between CBS, the network [redacted] group, and QVC, the home [redacted] cable channel.

The merger, if not [redacted] only positive news [redacted] week, was [redacted] the most interesting. Under [redacted] planned coupling – a complex stock swap – Barry Diller, the charismatic chairman of QVC, would [redacted] over running CBS [redacted] day with Laurence [redacted] remaining chairman [redacted] the overall group.

Although [redacted] identify the [redacted] synergies [redacted] two companies, they [redacted] the prospect [redacted] running the [redacted] broadcasting business. The QVC [redacted] made [redacted] name as [redacted] television programmer while [redacted] ABC [redacted] in the [redacted] and [redacted] the then-fledgling Murdoch-owned [redacted] in [redacted].

[redacted] more enthusiastic about the pro[redacted] deal, bidding up [redacted] shares [redacted] CBS and QVC on the New [redacted] Nasdaq [redacted] markets.

Patrick Harverson



Dow Jones Industrial Average

Source: FT Graphite

Monday	3685.50 +	48.56
Tuesday	3669.54 −	[redacted]
Wednesday	3667.05 −	[redacted]
Thursday	3624.96 −	[redacted].09
Friday		

The Bottom Line/**Andrew Baxter**

Inchcape's fall from favour

Inchcape's decision this week not [redacted] increase its 15 [redacted] stake in Gestetner, the distributor of office equipment and photographic supplies, [redacted] focused attention on the international motors, marketing and business services [redacted].

Although Gestetner's shares fell [redacted] the [redacted], Inchcape's rose – partly reflecting City relief that the larger [redacted] had dropped [redacted] idea of launching [redacted] full bid for Gestetner, which would probably have required a rights issue.

However, Inchcape shares remain 25 per [redacted] below this year's peak level of 906p, which they reached [redacted] of January. This [redacted] partly due to the adverse impact of the strong Japanese yen on the group, which [redacted] a [redacted] of its [redacted] *and* [redacted] *Far East.*

Charles Mackay, Inchcape's chief executive, said the decision not [redacted] lift the group's [redacted] Gestetner [redacted] taken for strategic reasons – rather than any concern for market reaction. [redacted] is also philosophical about the impact of currency movements.

As the chart shows, Inchcape's shares [redacted] uprated in the early 1990s, as [redacted] market warmed [redacted] its management strategy and [redacted] fast-growing Pacific [redacted] group's strong presence in Hong Kong [redacted] it is well placed [redacted] benefit [redacted] increased development in China. How justified [redacted] the recent decline in the group's share price?

Last year was certainly a tough one for Inchcape. The motors business, which now accounts for just over half of the group's operating profits, *was hit by a sharp decline in* the continental European market and the higher cost of Japanese vehicles.

The continuing Japanese recession hit the group's marketing activities, which also suffered when the Chinese authorities imposed austerity measures [redacted] slow the [redacted] of the boom sweeping [redacted] southern provinces.

Yet Inchcape [redacted] managed to increase [redacted] pre-tax profits and earnings last year. [redacted] a downbeat [redacted] on the [redacted] trading [redacted] May's [redacted] said the group [redacted] cautiously optimistic [redacted] it would again grow profits from last year's [redacted] £272m.

Inchcape has certainly [redacted] active in [redacted] years. [redacted] acquisition [redacted] TKM [redacted] £383m in [redacted] made it [redacted] largest independent distributor [redacted] motors. [redacted] April's purchase [redacted] the [redacted] broker [redacted] £177m [redacted] – when [redacted] with the group's own [redacted] broking subsidiary, Bain [redacted] in the [redacted].

[redacted] put [redacted] on a prospective multiple of [redacted] 14 – a discount to the market as a whole [redacted] more than 20 per cent. [redacted] recently [redacted], the [redacted] were [redacted] a [redacted] per [redacted] premium [redacted] the [redacted].

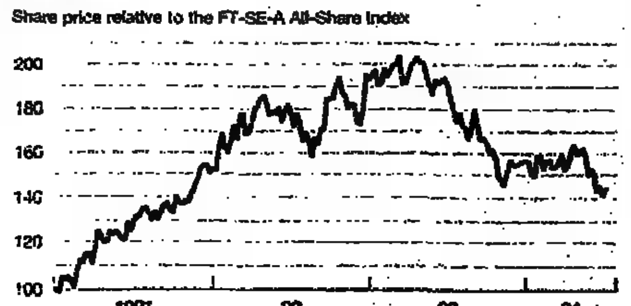
Stock markets [redacted] a tendency [redacted] overshoot. Arguably the enthusiasm [redacted] Inchcape as a Far Eastern play [redacted] overdone in the early 1990s, but [redacted] correction looks equally extreme. Certainly [redacted] City analysts now [redacted] the shares as a buy [redacted] hold.

Mike Smith, an analyst with [redacted] Fleming Securities, points [redacted] that [redacted] a strong correlation [redacted] the yen/dollar [redacted] and Inchcape's share price in the past two years. "It [redacted] obvious from this that, as and when there is [redacted] reversal from this yen strength, the shares will begin to regain their previous momentum."

Calling the turn [redacted] the dollar/yen exchange rate [redacted] for the small shareholder, and [redacted] prospect [redacted] currency stability in [redacted] future. However, Inchcape's credentials as a well managed play [redacted] Far East remain [redacted]. This month it bought [redacted] motor distributor in [redacted] city [redacted] Nanjing [redacted] formed [redacted] joint venture [redacted] promote [redacted] consumer [redacted] in central China.

The group [redacted] benefit from the gathering strength [redacted] the British [redacted] and will [redacted] benefit from recovery in continental Europe.

By declining [redacted] increase [redacted] exposure [redacted] Gestetner, Inchcape has removed one potential [redacted] of uncertainty which was unsettling [redacted]. For [redacted] prepared to take [redacted] medium [redacted] long-term view, the [redacted] in [redacted] price presents a buying opportunity.



Inchcape

Share price relative to the FT-SE-A All-Share Index

[redacted] FT Graphite

Swap those unwanted shares and save money

Too many tiny holdings? ***Bethan Hutton*** *explains how to shed them*

Are you the [redacted] of investor with [redacted] large, well-balanced portfolio [redacted] [redacted] which [redacted] reviewed regularly and [redacted] out? Or do you, like [redacted], [redacted] a ragbag collection – [redacted] couple of hundred BT here, [redacted] hundred Abbey National there, plus [redacted] [redacted] other bits and pieces which are, generally, too [redacted] [redacted] bother [redacted]?

The wave of privatisations [redacted] early [redacted] with tiny [redacted]ings in privatised companies. Many share offers were so popular that applications [redacted] back, [redacted] most people [redacted] half [redacted] one-third [redacted] number they applied for.

The problem with [redacted] portfolio built [redacted] in this way is that it is [redacted] a wide, low-risk spread [redacted] good variety of companies in [redacted] sectors, your [redacted] holdings [redacted] be divided [redacted] a handful of [redacted] all [redacted] move [redacted] same [redacted] same time.

But if you [redacted] a [redacted] shares and [redacted] the proceeds elsewhere, you will soon learn [redacted] dealing [redacted] small [redacted] be disproportionately expensive.

[redacted] minimum commission for transactions; [redacted] at around £20 with [redacted] cheapest execution-only services, but can [redacted] or more.

If your shares are worth only £250, selling them takes a big chunk [redacted] your investment. And [redacted] you [redacted] re-invest [redacted] resulting [redacted] in other shares, [redacted] must be paid.

[redacted] shareholders do [redacted] an alternative, however. Many unit and investment trust man[redacted] exchange [redacted] designed to appeal to small investors with precisely [redacted] problem.

They will [redacted] your [redacted] shareholdings [redacted] or [redacted] in the [redacted] of your choice. So, with [redacted] amount of money, you [redacted] to [redacted] far [redacted] range of companies, in [redacted] if [redacted] wish.

The [redacted] entire [redacted] using [redacted] ker: [redacted] trust share exchange schemes charge [redacted] minimum of [redacted] £10 and £30, while some do not charge [redacted] all [redacted].

[redacted] trust [redacted] exchange [redacted] are [redacted]tered through their savings schemes, and normally you [redacted] standard charges [redacted] buying [redacted] typically, [redacted] 1 per [redacted]. Dunedin [redacted] charge for purchases.

Fleming's standard charge [redacted] £12.50, [redacted] every month it has a special offer for [redacted] particular sector. During July, it will accept [redacted] in [redacted] building and [redacted] for £7.50. [redacted] 1 per cent charge for purchases.

Unit trusts sometimes absorb [redacted] holdings into [redacted] own portfolios, in which case there may [redacted] no additional charge. Otherwise, dealing charges are similar [redacted] investment [redacted].

In [redacted] though, you still pay the standard initial charge on [redacted] units, [redacted] is typically around [redacted] per cent. [redacted] charge less, particularly if you buy [redacted] through a personal equity plan where lower initial charges [redacted] by [redacted] charges if you sell up [redacted] the [redacted].

[redacted] a [redacted] of the shares it holds itself and will accept for exchange without charge. There are about 200 companies [redacted] list, [redacted] updated every [redacted] months. [redacted] UK [redacted] accepted [redacted] well, but [redacted] selling [redacted] are passed on to investors.

All the unit and investment trust schemes will accept the top 200 or so UK shares, which includes the privatisations. [redacted] accept [redacted] share, including [redacted] on the Unlisted Securities Market, and [redacted] few also take gilts or rival companies' unit trusts.

Trusts usually [redacted] mum value for packages [redacted] shares they will accept [redacted] exchange, generally in the £250 to £1,000 range. But [redacted] shareholding is too small even for this, you can often make up the [redacted] cash. The [redacted] holding [redacted] anyone [redacted]. Many [redacted] will [redacted] ily's holdings as [redacted] worth clubbing together if you all have a few shares in the same company.

One drawback with investing [redacted] an investment [redacted] savings scheme can be loss of control over timing. The schemes tend to store up all orders received and deal once a week, or even once [redacted] month, and there could be a delay of up [redacted] when shares [redacted] sold [redacted] proceeds are re-invested. If this worries [redacted], ask about it: some schemes will speed up your [redacted] an [redacted] charge.

[redacted] exchange [redacted] much [redacted] common with unit [redacted] than investment [redacted] only within the past five [redacted] 10 [redacted] that [redacted] invest[redacted] built up [redacted] direct relationship with their [redacted] by offering savings [redacted] so [redacted] members [redacted] the public could, in [redacted], buy directly from the managers. But unit trusts [redacted] used to dealing [redacted] with [redacted]ers all along.

Investment trust groups offering share exchange schemes include Alliance/Second Alliance, Dunedin, Edinburgh Fund Managers, Fleming, Foreign [redacted] Colonial, Framlington, Gartmore, John Govett, [redacted] Touche Remnant and Murray John[redacted].

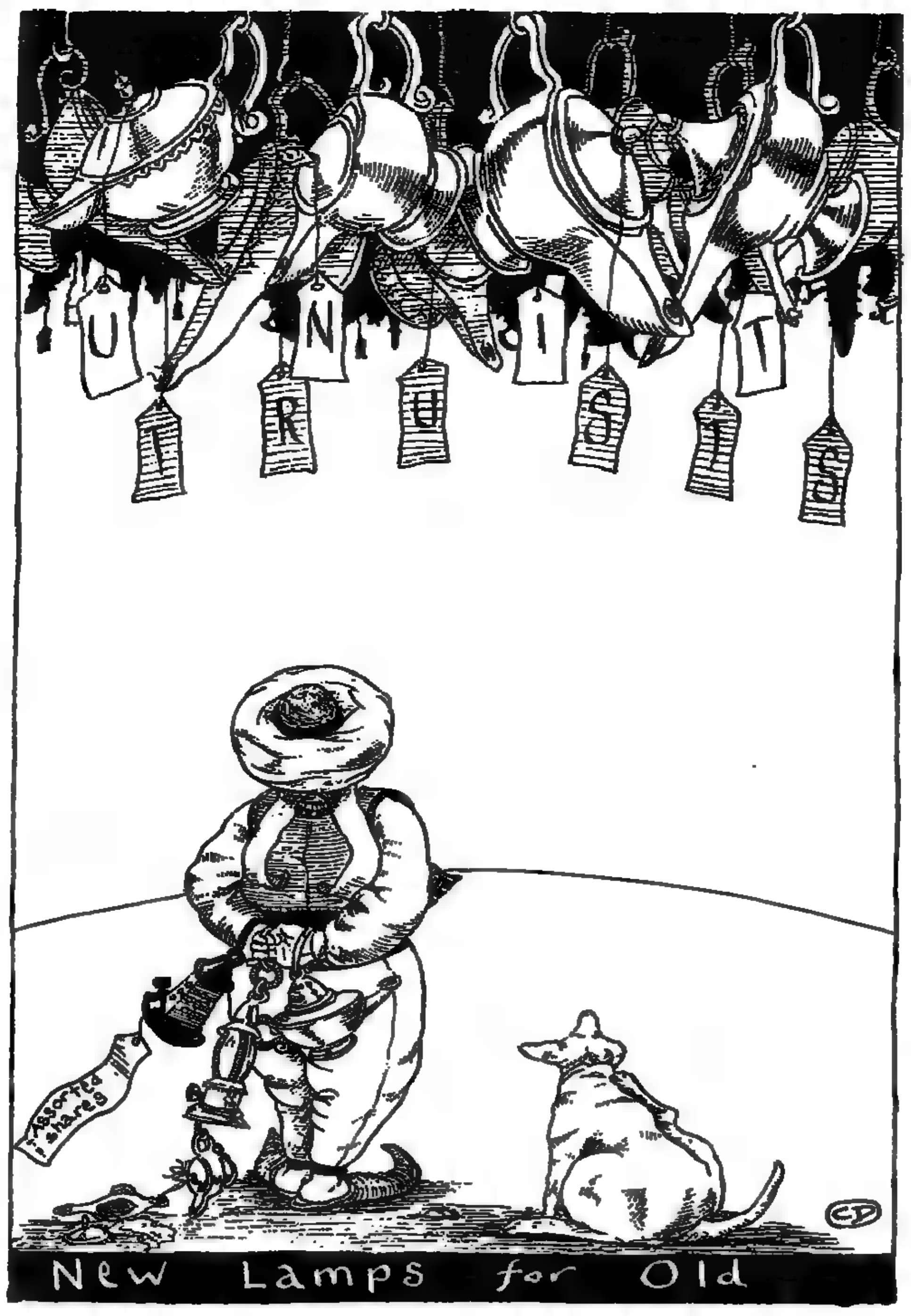
[redacted] more than 100 unit [redacted] and around [redacted] them operate [redacted] exchange [redacted] including [redacted] Fidelity, Gartmore, Invesco, [redacted] Mercury, Perpetual and [redacted] Prosper. [redacted] Unit Trust Directory, published by [redacted] Unit Trusts [redacted] Investment Funds*, includes details of which unit trust groups have share exchange schemes.

But the fact that a good share-swap scheme is available should not be the main factor in picking a trust. There is no point in saving a few pounds on a share transaction, only to lose out in terms of long-term growth.

Past performance can help [redacted] which [redacted] managed, [redacted] consistency over several years rather than outstanding performance over just one.

[redacted] are included in the monthly information service from the [redacted] Trust Companies*, which [redacted] a year's subscription. [redacted] performance [redacted] found in [redacted] monthly *Money Management* magazine.

**Association of [redacted] Companies, [redacted] Floor, Park [redacted] Finsbury Circus, [redacted] (tel: [redacted] of [redacted] Trusts [redacted] Funds, [redacted] Trust Information Service, [redacted] Kingsway, [redacted] 6TD (081-207 1361).*



New Lamps for Old

It's open house at Equitable

Company beats SIB deadline on information, says ***Alison Smith***

Customers for pensions, insurance and investment products should acquire [redacted] greater spring in their step as the long-awaited system [redacted] ensuring they have better information about what they can buy – and what it might [redacted] them – hits [redacted] streets.

Or, rather, one [redacted]. From now on, Equitable Life, one of the UK's largest mutual life insurers, will show a new openness in the information it volunteers to all its customers. As yet, it is alone among life insurers in doing so.

Equitable plays down the extent to which the new format will differ from the information it used to make available to clients but, until now, it has not produced estimates [redacted] what policies would be worth in [redacted] future based on its own charges rather than industry averages.

As from yesterday, Equitable's sales agents will provide clients with:

- A four-page document setting out the key features of the policy being sold.
- Examples of how much it will yield.
- A letter explaining why the advice to take out the policy has been given.
- The surrender values at various points during the contract, together with a figure for the cost of providing advice.

Take a 20-year pension plan [redacted] to [redacted] man aged 45 which [redacted] £1,000 a year in premiums and has an assumed 9 per cent rate of return.

The information shows that if the policy were given up at the end of five years, the cus[redacted] would [redacted] £6,139, having paid [redacted] in deduc[redacted].

On the same basis, the customer would [redacted] had £1,189 deducted in charges at the end of 10 years, and would receive £15,371 if [redacted] policy were surrendered then.

It also says that the cost of providing [redacted] for this sort of policy averaged £231 in 1993, and that this cost would [redacted] proportionately as the level [redacted] customer contribution increased.

The presentation of the information meets the format required by the Securities and Investments Board, the City's chief watchdog. But some insurers say they cannot meet SIB's requirements until Janu[redacted] 1, the [redacted] by which they become compulsory.

Others [redacted] plans [redacted] comply before [redacted] and will incorporate the changes in any new products – but these are not likely before [redacted] autumn.

One reason for Equitable being able to move more quickly [redacted] because it [redacted] not redesigning [redacted] products, [redacted] many [redacted] insurers intend doing in order [redacted] spread the [redacted] of commission as these become more [redacted].

[redacted] further [redacted] has been that Equitable's [redacted] – rather [redacted] paid [redacted] commission – and its [redacted] strikingly [redacted] proportion of [redacted] premium income. So, [redacted] for the company [redacted] for most of its competitors.

Should [redacted] now [redacted]pede to Equitable? That depends on what you want, but it would be rash to assume that Equitable would suit everyo[redacted].

It [redacted], however, come out very [redacted] from the recent report by the [redacted] Fair Trading [redacted] surrender values [redacted] life policies.

The company specialises in pensions for the [redacted] end [redacted] personal financial market and has [redacted] attitude [redacted] its products, [redacted] in keeping relatively simple. But [redacted] may be people, even in Equitable's target audience, [redacted] are slightly uncomfortable with [redacted] intent [redacted] on individuals of high [redacted] worth.

While [redacted] clearly [redacted] commercial sense, there is something slightly chilling [redacted] the [redacted] marketing director talks [redacted] proletar[redacted]" during the same conversa[redacted] in [redacted] he insists [redacted] company [redacted] not [redacted].

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED [illegible] USM)

Company	Sector	Shares	Value	No of [illegible]
SALES				
Allied London Prop.	Prop	[illegible]	78	1*
Bemrose Corporation	PP&P	2,874	[illegible]	1*
Bradford Prty.Trust	Prop	6,500	14	1
Epwin	BM&M	[illegible]	[illegible]	2*
Johnson Gp.Cleaners	SSer	3,000	[illegible]	1
Lonrho	Divl	[illegible]	173	2
Mithras Invst.Trust	InvT	50,000	29	1
Monument Oil & Gas	OilE	350,000	242	1*
RJB Mining	Extn	31,166	103	2
Smith New Court	OthF	75,000	285	1
Transatlantic	LifA	11,250	[illegible]	1
PURCHASES				
Ashley Group	BM&M	81,000	40	1
Blue Circle	BM&M	5,000	13	1
British Petroleum	Oil	12,000	[illegible]	1
British Vita	Chem	8,081	[illegible]	2
CLS Holdings	Prop	270,270	300	1
Dalgety	FdMa	8,000	32	2
Dewhirst Group	Text	73,000	99	1
Eurotherm Intn'l	E&EE	5,000	[illegible]	1
Eurotunnel	Tran	10,000	[illegible]	1
Goldsmiths Group	RetG	15,000	[illegible]	1
Graseby	E&EE	22,000	28	5
Hazelwood Foods	FdMa	20,000	25	1
Kingfisher	RetG	4,229	[illegible]	2
Merivale Moore	Prop	20,000	[illegible]	1
Mirror Group	Mdia	72,000	98	5
Scapa Group	Chem	5,000	10	1
Thomas French	Text	20,000	20	1
Trio Holdings	OthF	150,000	38	2

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-24 June [illegible].
Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

Mirror men make news

Last week, [illegible] highlighted [illegible] increase in directors' share buying. The market [illegible] to [illegible] by [illegible] from overseas [illegible] well as other internal markets, but directors [illegible] to search [illegible] the silver lining [illegible] dealing [illegible] continued apace.

☐ While [illegible] largest acquisitions all [illegible] recorded [illegible] open [illegible] issues, [illegible] was [illegible] interesting, and topical deal, at the [illegible] Group, now the home of *[illegible] Independent* as well.

[illegible] directors, including Sir Robert Clark, the non-executive chairman, and chief executive [illegible] Montgomery bought [illegible] at prices between 126-134p. The war of the broad[illegible] continues and [illegible] has so far been little change in Mirror Group's [illegible].

☐ Dewhirst Group, [illegible] textile company, [illegible] featured regularly in [illegible] column. [illegible] buying [illegible] December [illegible] price [illegible] just under 100p.

The [illegible] transaction was by [illegible] Farrow, [illegible] for almost [illegible] year and [illegible] deal, [illegible] 135.5p, brings [illegible] holding [illegible] more [illegible] 300,000 shares.

☐ The [illegible] by [illegible] – including [illegible] – [illegible] RJB Mining [illegible] no surprise since [illegible] of their intention to sell following the management buy-out [illegible] when [illegible] shares got [illegible] quote.

[illegible] Mining [illegible] of [illegible] key coal producers bidding for the [illegible] that [illegible] being sold off by the government as [illegible] part of its privatisation plan. [illegible] directors retain stakes in the company.

Vivien MacDonald
[illegible] Inside [illegible]

Ailing dollar has markets guessing

Where next for the US currency? asks Philip Gawith

For many of [illegible] thou[illegible] who [illegible] for soccer's World Cup, the [illegible] come [illegible] a [illegible]. But those [illegible] with equity and bond [illegible] are likely [illegible] find the [illegible] dollar [illegible] of [illegible] blessing.

[illegible] strategists [illegible] financial markets can flourish against the background of an ailing dollar, [illegible] many would cite [illegible] currency's poor performance [illegible] key [illegible] the [illegible]erally [illegible] of world financial markets.

[illegible] point [illegible] while [illegible] post-war low [illegible] against the yen, it has actually been fairly [illegible] against many other currencies.

Indeed, the trade-weighted value [illegible] the dollar is not much below where it [illegible] beginning of [illegible] and it is nearly 10 [illegible] cent above [illegible] low it touched [illegible] quarter [illegible]. Then, [illegible] exchange [illegible] $2/£1 (now $1.55) and DM1.40/$1 (now DM1.58).

[illegible] sterling perspective, figures [illegible] Treasury Management, [illegible] specialising [illegible] risk [illegible] funds, [illegible] that [illegible] April 1994, the sterling/dollar trading [illegible] barely more than [illegible] per [illegible]. Going [illegible] to [illegible], however, [illegible] is closer to [illegible] per cent.

Even [illegible] weeks, sterling [illegible] struggled [illegible] make [illegible] against the dollar, [illegible] analysts feel it will change much in 6-12 [illegible].

[illegible] tive, [illegible] doubtful if [illegible] weaker dollar has had much impact. In [illegible], travel companies reported [illegible] to the US, but there has been [illegible] repeat [illegible] time. Although travellers have greater spending [illegible], Thomson, the largest package travel operator in [illegible] UK, reports [illegible] bookings are steady.

The UK is not a particularly large importer of consumer goods from the US, [illegible]. Imports [illegible] more [illegible] capital nature, such as computers [illegible] aeroplanes, with long-term financing [illegible] ments unaffected by short-term [illegible].

As for [illegible] present, analysts [illegible] split about [illegible] implications [illegible] Peter Lyon, global strategist at [illegible] Court, [illegible] should [illegible]. He argues that the dollar is a side issue, the key concern for financial markets being [illegible] strength [illegible] economy.

"It [illegible] to believe [illegible] in [illegible] dollar is likely [illegible] something [illegible] likely US interest rates," he says.

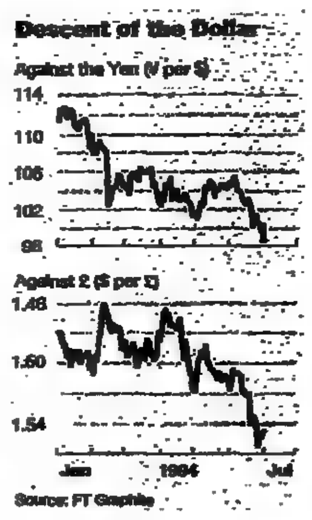
But John Reynolds, global strategist [illegible] Markets, notes: "With the US long bond market still holding [illegible] key to the outlook for [illegible] markets, a weaker [illegible] just [illegible] to the mill for inflation bears."

[illegible] other words, [illegible] lar weakness would put more upward pressure on US inter[illegible] rates. This would probably have a negative effect on US bond and equity prices, with a spill-over into [illegible] international markets – [illegible] pattern [illegible] since [illegible] on February 4.

What of [illegible]? Reynolds [illegible] probably overshot [illegible] expected. "[illegible] ments are probably, on a 12-month view, going to be a wise thing [illegible] do," [illegible]. Beyond that, he and many other analysts [illegible] bearish about the dollar so long [illegible] the [illegible] continues [illegible] a large trade deficit.

A final caution. Currencies are notoriously [illegible] predict and most analysts [illegible] been wrong on the dollar so far this year. There is no [illegible] why it should not [illegible] market again.

Descent of the Dollar



Source: FT Graphite

The week ahead

This week sees full-year figures from two brewers, one national, one regional. [illegible] will be scrutinised closely for [illegible] of early progress from [illegible], which S&N bought from Grand Metropolitan late last year.

The £703m deal was of strategic importance to S&N, since it greatly increased its pub estate in [illegible] England and [illegible] important new outlet [illegible] its beer. On [illegible] other hand, [illegible] reputation [illegible] extracting top prices [illegible]. [illegible] casts are for S&N to have profits of about £230m pre-tax against £201m.

Full-year results from Greene King, the East Anglian regional brewer, [illegible] on Thursday. The market [illegible] unsure of [illegible] ground, since [illegible] King's interim results [illegible] particularly disappointing [illegible] profits almost unchanged. [illegible] then, the shares have been among the weakest in the sector, underperforming [illegible] market by around 15 per cent. Last year's pre-tax profits [illegible] £20.1m, [illegible] from [illegible] year [illegible]. Any improvement in the headline figure this time will [illegible] regarded as [illegible].

☐ MFI, the furniture group, is expected on Monday [illegible] announce a big increase in full-year, pre-tax profits from £40.2m to about £70m. Analysts raised their forecasts from about £60m [illegible] MFI's interim results in January, when it dis[illegible] a much stronger performance in the January sales than in 1993. They are keen [illegible] hear from MFI whether [illegible] improvement [illegible] tained.

☐ Exceptional charges of £214m connected with the sale [illegible] chain in the US will obscure [illegible] small fall in underlying profits [illegible] Dixons, the UK's largest electrical retailer, on Wednesday. Before the charges – which include trading and disposal [illegible] and a £191m goodwill write-off – pre-tax profits [illegible] forecast [illegible] about £75m. Last year's figure, after provisions [illegible] Silo and other charges, was £33.5m, but [illegible] exceptionals was £76.7m.

This year's fall is due largely to a poor performance at Christmas, when Dixons was hit by a price war in computer games. Reported profits are also expected to be depressed by exceptional costs of up to £20m to cover the closure of 100 Currys high street stores this year as the latter's move into out-of-town superstores accelerates.

☐ Increased profits from Cellnet, the cellular telephone network operator co-owned with BT, should help Securicor push interim profits beyond last time's £29m when it reveals its interim results on Tuesday.

Rolling settlement

So little time

There is only [illegible] plete [illegible] exchange [illegible] period [illegible] rolling settlement [illegible] July [illegible].

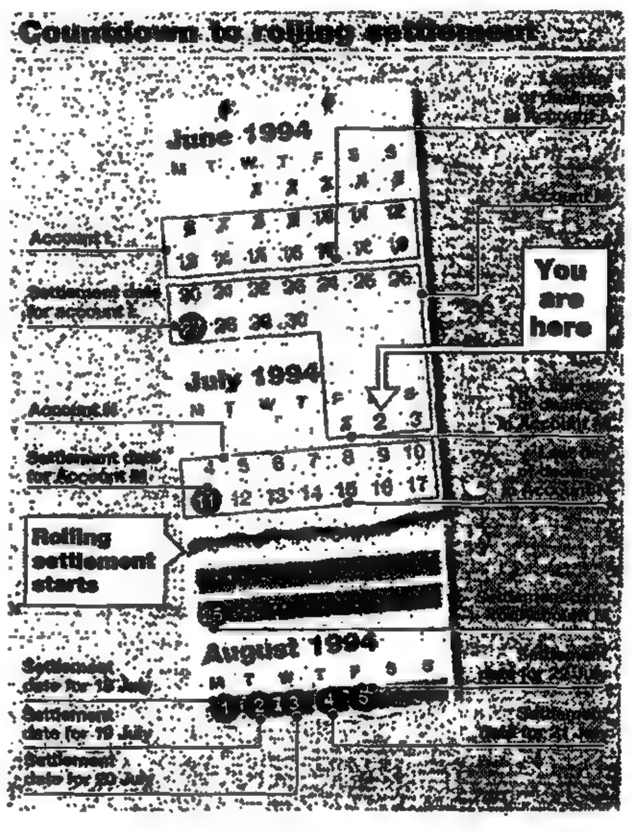
The exchange [illegible] year into account periods, named [illegible] of [illegible] alphabet. We [illegible] at [illegible] end of [illegible] period M, in which [illegible] day for dealings [illegible] July 1. All trades [illegible] any time in [illegible] period, [illegible] on June 20, are totalled and a single bill [illegible] net amount [illegible] out. It [illegible] be settled on July 11.

This [illegible] some [illegible] (particularly, those who have dealt early in [illegible]) up to 15 working days to settle their accounts.

The system allowing them to [illegible] the net amount is useful [illegible] investors, and especially speculators who aim to buy and sell at a profit within [illegible] same [illegible]. If [illegible]ful, they can make money without ever having to put up a penny of their own money.

Account periods will disappear from July 18, although investors who dealt in the last period – account N – can still settle in the usual way on July 25. From July 18, the settlement day will be 10 working days after dealing day - or T+10.

Countdown to rolling settlement



New issues

Exco, the money-broking arm of the collapsed British & Commonwealth group, has launched its return to the stock market after a seven-year absence with a share offer which values the company at £215.5m, *writes Simon Davies*.

The public is being offered 13.3m shares at a price of 175p, while a further 39.8m shares have been placed with institutions already.

Exco, one of the four major global money-broking businesses, is emerging from a troubled period under the unsteady guidance of a parent in receivership. The receivers are selling their remaining 40 per cent holding.

The company has an even profits split between money-broking and fixed income securities broking, [illegible] lowered its exposure to individually volatile markets through a policy of global diversification.

The shares have been issued on an historic price-earnings ratio of 9.5 and a notional gross yield of 6 per cent, reflecting the apprehension of volatility attached to the sector.

But [illegible] record [illegible] growth is expected to continue, with interim profits forecast to rise 28 per cent to £27.5m.

The offer closes on Friday, July [illegible], and trading will start on July [illegible]. [illegible] issue [illegible] by [illegible] Rothschild, and the stockbroker is Kleinwort Benson Securities.

RESULTS DUE

Company	Sector	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Abtrust New [illegible] Trust	InTr	Friday	-	0.75	-
Associated British Eng	Dist	Friday	-	0.06	-
Associated Nursing Services	Hlth	Tuesday	-	1.0	0.5
Bespak	Hlth	[illegible]	4.0	6.0	4.2
Birkby	Prop	Tuesday	[illegible]	2.53	[illegible]
Bogod	Dist	[illegible]	0.2	[illegible]	[illegible]
Border TV	Med	[illegible]	1.3	[illegible]	[illegible]
Break for the Border	Leis	[illegible]	-	-	-
British Bloodstock Agency	OtSv	[illegible]	-	-	-
Brown & [illegible]	Dist	Friday	-	-	-
Budgens	ReFd	Tuesday	-	1.6	0.5
Burtonwood Brewery	Brew	Thursday	0.70	3.96	0.70
Carclo Engineering	Eng	[illegible]	3.4	3.4	[illegible]
Court Cavendish	Hlth	Tuesday	-	-	[illegible]
Dixons	ReGn	Wednesday	1.6	4.6	1.7
Dudley Jenkins	SpSv	Wednesday	[illegible]	2.1	1.05
European Motor	Dist	Tuesday	[illegible]	2.0	[illegible]
Evans of Leeds	Prop	Tuesday	1.43	3.14	1.58
Farepak	ReFd	Thursday	1.85	4.1	1.95
General Electric	Aero	Wednesday	2.68	7.62	2.81
Gibbon Lyons	Chem	Thursday	2.0	3.0	2.2
Gold Greenlees Trott	Med	Thursday	3.0	5.0	3.3
Greene King	Brew	Thursday	3.7	8.6	3.85
Hamlet	Text	Wednesday	-	-	-
Howden	Eng	Tuesday	0.75	1.45	0.82
Jurys Hotel	Leis	Thursday	-	-	-
MFI	ReGn	Monday	1.25	2.5	1.32
Menzies (John)	ReGn	Monday	3.8	7.0	4.1
Morris Ashby	Eng	Tuesday	1.7	3.7	2.0
Neepsend	Eng	Monday	0.25	0.50	0.50
Northamber	Dist	Wednesday	-	0.60	-
Phonelink	Med	Tuesday	-	-	-
Reliance Security	SpSv	Friday	1.1	3.4	1.1
St James Beach Hotels	Leis	Tuesday	-	-	-
Scottish & Newcastle	Brew	Monday	5.75	11.07	5.98
Sims Food	FdMa	Tuesday	-	-	-
Sterling Publishing	Med	Tuesday	0.6	2.4	0.7
TBI	Prop	Monday	-	-	-
TR City of London Trust	InTr	Friday	-	-	-
Taunton Cider	SW&C	Wednesday	2.4	3.5	2.65
Vardy (Reg)	Dist	Thursday	1.3	2.9	1.4
Vibroplant	B&C	Tuesday	1.22	1.28	1.22
Wishaw	BdMa	Thursday	0.15	0.35	0.20
Worthington	Text	Tuesday	0.6	1.1	0.6
INTERIM DIVIDENDS					
Baronsmead Investment Trust	InTr	Wednesday	-	-	-
Blagg	BM&M	Tuesday	-	-	-
CCS	n/a	Tuesday	-	-	-
Caldwell Investments	Text	Monday	0.39	0.61	-
Cardiff Property	Prop	Friday	0.85	1.65	-
Coda	SpSv	Monday	-	-	-
Danae Investment Trust	InTr	Tuesday♦	-	-	-
Dwyer	Prop	Monday	-	-	-
Fyffes	ReFd	Monday	-	-	-
Gardiner	Dist	Tuesday	0.23	0.5	-
Kleinwort Charter Inv Trust	InTr	Thursday	1.25	3.9	-
M & W	ReFd	Friday	1.1	1.9	-
P & P	SpSv	Thursday	0.8	1.2	-
Securicor	Tele	Tuesday	0.73	2.23	-
Security Services	Tele	Tuesday	1.53	4.15	-
Sheed	Text	Tuesday★	1.8	3.5	-
St David's Investment Trust	InTr	Wednesday	-	-	-
Torex Hire	B&C	Tuesday	-	0.6	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. † 1st quarterly. ♦ 2nd quarterly. ★ 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
Prices in pence unless otherwise indicated					
Bredero Props.	10*	10½	15	3.70	Slough Estates
Chiltern Radio	242*	173	205	16.90	CLT
Davenport Vernon	167	156	113	32.30	Evans Halshaw
Great Southern	600*	606	475	71.11	Service Corp Int
Do. Prf.	239*	236	180	19.29	Service Corp Int
Jessups	127½	122	98	12.38	BSG
LASMO	165	137	162½	1590.0	Enterprise Oil
Linread ‡	219	208	153	26.70	McKechnie
NMC ‡	150§§	155	159	113.00	Britton
Spear (J.W)	900*§	740	740	46.90	Hasbro
Spear (J.W.)	1000*	740	740	52.00	Mattel
Towles	265*	271	243	4.22	London City
Trans World	181	170	173	70.60	EMAP

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices [illegible]. §§Shares and cash.

PRELIMINARY RESULTS

Company	[illegible]	Year to	Pre-tax profit (£000)		Earnings per share (p)		Dividends* per share (p)	
Aberdeen Steak House	[illegible]	Dec	[illegible]	(185 L)	1.7	[illegible]	-	(-)
Anglo St James	[illegible]	Mar	[illegible]	(943 L)	0.01	(-)	-	[illegible]
Asda	[illegible]	Apr	126,000 L	[illegible]	-	(-)	[illegible]	(1.1)
Asprey	[illegible]	Mar	25,400	[illegible]	21.12	(14.44)	[illegible]	(5.1)
Azlan	E&EE	Mar	3,870	(2,960)	12.4	[illegible]	2.0	(-)
Berkeley	B&C	Apr	38,800	(15,800)	24.1	(16.0)	[illegible]	(6.0)
Booth Industries	Eng	Mar	2,120 L	(576 L)	-	(-)	-	(-)
BPB Industries	[illegible]	Mar	[illegible]	[illegible]	15.0	(5.1)	[illegible]	(7.5)
British Bio-Tech.	Phrm	Apr	21,500 L	(13,100 L)	-	(-)	-	[illegible]
Business Post	[illegible]	Mar	[illegible]	(4,200)	7.5	(7.1)	3.7	(2.5)
Cassidy Brothers	[illegible]	Apr	620	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Castle Mill	[illegible]	Dec	[illegible]	[illegible]	5.75	(-)	-	[illegible]
Christie	[illegible]	[illegible]	108	[illegible]	0.45	[illegible]	-	[illegible]
Clark (Matthew)	SW&C	Apr	10,300	[illegible]	33.5	(29.3)	10.75	(10.0)
Clayhithe	OtFn	Mar	1,080	(366 L)	-	(-)	2.625	(1.5)
Compco	Prop	[illegible]	311	(26 L)	9.025	(-)	12.96	(12.96)
Daejan	Prop	[illegible]	19,800	(16,700)	65.7	(61.0)	28.0	[illegible]
Debenham Tewson	Prop	Apr	[illegible]	[illegible]	6.17	[illegible]	3.5	[illegible]
Eastern Electricity	Elec	[illegible]	[illegible]	[illegible]	45.7	(50.1)	[illegible]	[illegible]
Fairbriar	[illegible]	[illegible]	6,990	(8,360 L)	39.28	(-)	-	[illegible]
Falcon	Dist	Mar	360	(612)	11.4	[illegible]	6.0	[illegible]
Feedback	E&EE	Mar	722	[illegible]	[illegible]	[illegible]	1.5	(1.5)
Fleming (Robert)	[illegible]	[illegible]	209,900	(108,400)	299.6	[illegible]	80.0	[illegible]
Foster (John)	Text	Feb	1,740 L	(5,100 L)	-	(-)	-	[illegible]
GRT	Tran	Mar	4,400	(3,400)	13.9	(9.5)	-	[illegible]
Hadleigh Industries	Eng	Apr	[illegible]	[illegible]	9.0	[illegible]	2.0	[illegible]
[illegible]	Eng	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	BdMa	Mar	407	[illegible]	0.38	[illegible]	[illegible]	[illegible]
Hogg Robinson	[illegible]	Mar	[illegible]	(13,300)	23.49	[illegible]	7.1	(6.6)
Ivory & Sime	[illegible]	Apr	[illegible]	[illegible]	12.87	(10.57)	[illegible]	[illegible]
Kewill Systems	[illegible]	[illegible]	4,040	[illegible]	[illegible]	(-)	[illegible]	[illegible]
Leopold (Joseph)	MrBk	Mar	2,350	(2,130)	34.4	(30.0)	17.5	[illegible]
Lister	Text	Mar	861 L	(2,900 L)	-	(-)	0.1	(0.1)
Lowndes Lambert	[illegible]	Mar	[illegible]	[illegible]	[illegible]	(28.0)	[illegible]	(13.5)
M & [illegible] Dual Tst	[illegible]	[illegible]	601.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] International	[illegible]	[illegible]	867	[illegible]	1.8	(0.7)	2.5	(2.5)
McInerney Properties	[illegible]	[illegible]	6,610 L	[illegible]	-	[illegible]	-	[illegible]
Metrotect Industries	[illegible]	Mar	2,360	(2,290)	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] & Scot.Res.	[illegible]	Dec	48,300 L	(113,600L)	-	[illegible]	-	(-)
Midlands Electricity	[illegible]	Mar	[illegible]	[illegible]	65.2	[illegible]	[illegible]	(20.0)
Northern Electric	[illegible]	[illegible]	128,700	(111,400)	[illegible]	(59.3)	[illegible]	[illegible]
Norweb	[illegible]	Mar	178,300	(157,100)	[illegible]	(84.6)	23.0	(20.0)
Perth	OS&B	[illegible]	380 L	(1,230 L)	-	(-)	-	(-)
Seaboard	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shaw (Arthur)	BdMa	[illegible]	607	[illegible]	[illegible]	(-)	[illegible]	[illegible]
Smith [illegible] Aubyn	n/a	[illegible]	[illegible]	[illegible]	-	[illegible]	6.25	(6.2963)
South Western Electr.	[illegible]	[illegible]	[illegible]	[illegible]	75.4	[illegible]	23.5	[illegible]
[illegible]	Bnk	[illegible]	23,200 L	(11,900 L)	-	(-)	-	(-)
Stoddard Sekers	[illegible]	Mar	[illegible]	[illegible]	[illegible]	(1.8)	1.8	(1.5)
Sutcliffe Speakman	[illegible]	Mar	1,100	(6,560 L)	[illegible]	(-)	0.5	[illegible]
Syltone	EngV	Mar	2,520	(2,130)	[illegible]	(7.35)	4.935	[illegible]
TGI	E&EE	Mar	1,250	(409)	5.2	(2.6)	2.0	[illegible]
Tring International	Leis	Mar	5,200	(3,300)	[illegible]	[illegible]	-	(-)
Vistec	[illegible]	Apr	3,410	(3,280)	2.06	(1.89)	[illegible]	[illegible]
Wilton	Dist	[illegible]	1,540	[illegible]	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airtours	Leis	Mar	17,800 L	(15,900 L)	1.1	(1.0)
Allied Radio	Med	Mar	304 L	(901 L)	-	(-)
Arcon International	OE&P	[illegible]	55 L	(1,370 L)	-	(-)
Brunner Inv.Trust	InTr	May	[illegible]	(2,280)	2.5	(2.4)
Bullers	Text	Dec	1,230 L	(1,420 L)	-	(-)
Endomed	Hlth	Mar	125	(76 L)	0.2	[illegible]
Eurocamp	L&H	Apr	5,890 L	(5,210 L)	3.8	(3.45)
First National Fin.	Bank	Apr	3,200 L	(3,350 L)	0.5	(0.5)
Gestetner	[illegible]	Apr	[illegible]	(45,400)	1.2	[illegible]
Gresham Telecomput.	[illegible]	Apr	244	(419)	-	(-)
Hamilton	[illegible]	Apr	507	(401)	1.0	(0.8)
Hunters Armley	[illegible]	[illegible]	1,250	[illegible]	1.32	(1.25)
MMI	Med	Feb	1,210	(473 L)	0.5	(-)
Ptarmigan Int'l	InTr	May†Φ	[illegible]	(288.7)	1.4	(-)
Sleepy Kids	[illegible]	[illegible]	283	[illegible]	-	(-)
Soundtracs	E&EE	Mar	307	[illegible]	0.92	(0.92)
Tepnel	Hlth	Mar	1,010 L	(483 L)	-	(-)

(Figures in [illegible] are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡‡ Irish Punts and pence. Φ US Dollars and Cents. ⅟₁₀ 10 month figures. Φ Comparatives as at December year end. [illegible] Figures comparable with [illegible] month figs.

RIGHTS ISSUES

Bolton is to raise £1.2m via a 1 - 1 at 15p rights issue of 9.16m shares.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Bolton is to raise £1.42m via an issue of 9.46m shares.
Computer People is to raise £5.8m via a placing and offer of 3.88m shares at 158p.
EuroDollar is to raise £37.7m via a placing and offer of 22.7m shares at 220p.
Ewart is to raise £4.85m via a placing and offer of 9.42m shares at 55p.
Ideal Hardware is coming to the market via a placing.
JBA International is to raise £12.4m via a placing of 11.9m shares at 160p.
Martin Retail is coming to the market via a placing and offer.
Panther is to raise £1.39m via a placing and offer of 1.96m shares at 90p.
Waverley Mining Finance is to raise £1.16m via an issue of shares at 58p.

هكذا من الأهل

FINANCE AND THE FAMILY

Some you win, some you lose

Good news and bad: ***Philip Coggan*** *surveys the impact of the O'Higgins theory in the year so far*

For readers who follow the O'Higgins theory, outlined many times before on these pages, there has been both good news and bad news in the first half of 1994.

The good news [redacted] that stocks chosen [redacted] by the O'Higgins theory have outperformed the FT-A All-Share index [redacted] the past six months. The bad news is that both the O'Higgins portfolio and the All-Share have fallen in value; the building society would have been [redacted] far better option.

Michael O'Higgins [redacted] a US fund manager who wrote a book* outlining a simple method for beating the [redacted] Industrial Average. Taking the 30 stocks in the Dow, he found the [redacted] with the highest dividend [redacted] yields. Of those, he selected the five with [redacted] lowest [redacted] prices (ie, if [redacted] A [redacted] $1 and [redacted] costs $2, choose [redacted] A). Then, he waited a year and performed the [redacted] again.

He found that, [redacted] 1973 and 1991, [redacted] portfolio chosen by this method produced average annual returns [redacted] 19.4 per cent, compared with 10.4 per cent from the Dow.

In Britain, applying this method to the FT-30 index also appeared to work. Even allowing for [redacted] 5 per cent a year, the FT found that the O'Higgins method earned 22 per cent [redacted] year between 1979 and 1991 compared with 17.5 [redacted] cent for the All-Share. Last [redacted], including [redacted] dividends, the five stocks chosen by the O'Higgins method returned [redacted] whopping 46.8 per cent.

The law of [redacted] might suggest that, after such a good year in 1993, the method was destined [redacted] less well this year. Indeed, only one of the five stocks chosen (using the FT of December 30) managed an increase in share price: Tate [redacted] Lyle. [redacted] share, British Gas, [redacted] fallen 22.7 per cent.

Overall, in capital terms, the five shares have fallen by an average of just under 9 per cent. Nevertheless, that is [redacted] better performance than the All-Share, which dropped 12.6 per cent between December 30 and June 30.

To be fair, if you allow for costs [redacted] for the higher dividend yield provided by the O'Higgins shares, it is probably a tie between the portfolio and the All-Share.

Nevertheless, the results are not completely discouraging. The O'Higgins method is designed to beat the index over the long term, and anyone following it over the past 18 months is still well ahead.

So, [redacted] about those [redacted] are starting from scratch to choose a portfolio today? The components of the FT-30 are: Allied Lyons, Asda, BICC, Blue Circle, BOC, BTR, Boots, British Airways, British Gas, British Petroleum, British Telecommunications, Cadbury Schweppes, Courtaulds, Forte, GEC, Glaxo, GrandMet, GKN, Guin[redacted] Hanson, ICI, Lucas, Marks and Spencer, NatWest, P&O, Ren[redacted] Royal Insurance, SmithKline Beecham, Tate & Lyle and Thorn EMI.

Using the share lists in the FT of June [redacted], the chosen five [redacted] Blue [redacted] (285p, 4.9 per cent yield); British [redacted] per cent); BT [redacted] 5.7 per cent); Hanson (247p, 6.1 per cent) and Lucas (170p, 5.1 per cent).

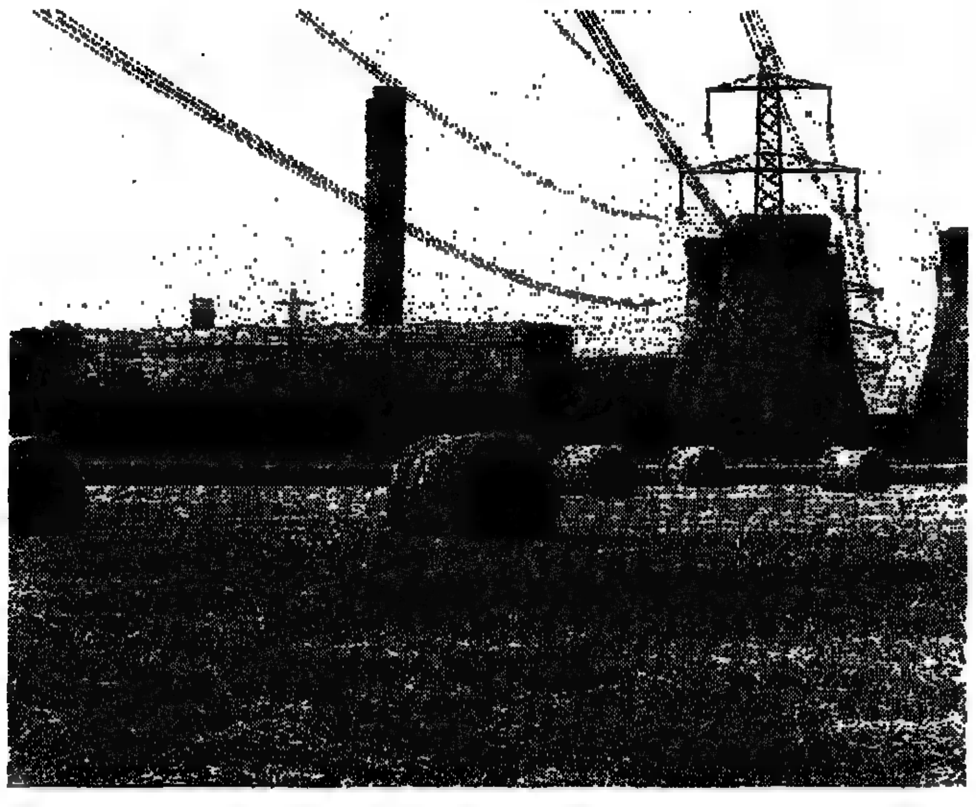
Three of those five were in the portfolio chosen at the start of the year: out [redacted] BICC and Tate & Lyle, in come Blue Circle and BT. Note, however, that the theory [redacted] that those who picked their portfolios at end-December should stick with them until the end [redacted] 1994.

It [redacted] reminding [redacted] the caveats. [redacted] portfolio containing [redacted] five stocks is, inevitably, high risk; and, just because the theory has worked before, there is no guarantee it will work again.

Beating the Dow, by Michael O'Higgins with John Downes, HarperCollins, 10 East 53rd Street, New York, NY 10022.

Power companies await the crunch

Michael Smith *reports* [redacted] *dilemma for investors*



Shareholders have [redacted] by [redacted] 14 regional power companies in England, Wales [redacted] Scotland during the past month's [redacted] season. But [redacted] question uppermost in their [redacted] remains unanswered.

They [redacted] know how [redacted] Professor Stephen Littlechild, [redacted] industry regulator, will be [redacted] his coming [redacted] of price controls covering [redacted] companies' distribution businesses. His response is expected in the next month or so.

The controls will, more [redacted] factor, [redacted] mine the profitability of the 12 England and [redacted] companies [redacted] will have a significant, although less powerful, impact on the two Scottish companies.

Distribution – getting power into homes [redacted] commercial premises – accounts for more than [redacted] England and Wales companies, 40 [redacted] Scottish Power and 20 per cent of Scottish Hydro-Electric. But the Scottish companies also are facing [redacted] review of their supply [redacted], which buy and [redacted] electricity.

All this explains why the sector's shares have been falling in price more than the market in the past couple of months, even though most results for 1993-94 have been at the top end of City expectations.

The companies have [redacted] impressive profits in the four years since they were privatised – those in England and Wales have outperformed the market by at least 65 per cent, and the Scots by about 20 per [redacted] – and [redacted] had [redacted] far better return than they [redacted] have expected [redacted] start.

Helped by vigorous cost-cutting and improved efficiency, [redacted] of [redacted] results this month [redacted] the companies had, once again, been able to boost percentage pre-tax profit growth well into the [redacted] and [redacted] dividends by [redacted] 11 [redacted] cent [redacted] Hydro-Electric) [redacted] per [redacted] (Eastern).

Even [redacted] companies [redacted] reported a [redacted] in pre-tax profits [redacted] able [redacted] City [redacted] the [redacted]. The [redacted] £51m [redacted] East Midlands [redacted] was [redacted] £100m down [redacted] 1992-93, but that [redacted] because [redacted] of [redacted] tional [redacted] with retailing [redacted] problems of diversification.

Consumers [redacted] benefited from privatisation through improved [redacted] price reductions. Yet, many [redacted] enough [redacted]. So, what will Littlechild do?

The signs from his Birmingham office are that he will be reasonably severe on the companies in England and Wales but [redacted] on the two in [redacted] land. They [redacted] been regulated [redacted] tightly since privatisation, partly because they were floated [redacted] when [redacted] government had [redacted] experience.

The degree of severity, how[redacted]. [redacted] of vigorous debate [redacted] investment house analysts. John Wilson, of UBS, does not like any of the England and [redacted] companies and recommends clients to sell [redacted] in all [redacted] them.

[redacted] feels the best [redacted] a bad bunch are Eastern, Midlands, [redacted] and Yorkshire, which could be held. But he much prefers [redacted] companies.

Wilson predicts all the England and Wales companies will [redacted] their [redacted] tion [redacted] – which make up about [redacted] quarter of final electricity bills – by [redacted] 17 to 20 per cent from next April. The Scots [redacted] be [redacted] or [redacted] them steady.

Wilson also expects [redacted] Littlechild will require all [redacted] companies, including the [redacted], to raise prices only by [redacted] inflation minus 3 [redacted] 4 per cent – which, in some [redacted], will mean [redacted].

He bases his figures on the assumption [redacted] regulator will stick to his policy of calculating assets – the value of which will help to determine [redacted] – [redacted] market value [redacted] the companies shortly [redacted] flotation.

This value (about £8bn) [redacted] considerably [redacted] than the book value of £11 to £12bn which the companies estimate as the cost of replacing their [redacted].

The logic of using flotation values is that they represent the asset price on which [redacted]holders expected a fair return before [redacted] that the companies [redacted] going to [redacted] more [redacted] than they were before being privatised.

Most investment houses [redacted] a less [redacted] outcome, though. Nick Pink, analyst at S.G. Warburg Securities, predicts distribution price [redacted] for the England and Wales companies at about 10 per cent, [redacted] expects [redacted] be held to inflation minus 3 per cent.

Warburg believes, however, [redacted] companies' ability [redacted] lower dividend [redacted] and [redacted] cutting [redacted] will allow [redacted] in England [redacted] dividends by [redacted] during the period of review. Scottish real growth could be 5 per cent real.

Warburg recommends buying shares in Southern, Yorkshire, London, [redacted] Eastern, and holds for the rest.

At Hoare Govett, Nigel [redacted] growth [redacted] real [redacted] the England and Wales companies. He recommends Manweb, Seeboard, [redacted], Midlands and Southern as buys.

Regional Electricity Companies	Pre-tax Profits (£m)		Net dividends (pence)	
	1994	1993	1994	[redacted]
Eastern	176.8	183.4	23.0	[redacted]
East [redacted]	[redacted]	155.1	22.7	[redacted]
London	186.5	145.5	22.5	[redacted]
Manweb	126.0	111.2	24.4	[redacted]
Midlands	195.4	167.1	23.2	20.0
Northern	128.7	111.4	24.8	21.4
Norweb	178.3	157.1	23.0	20.0
Seeboard	131.7	112.7	11.8	10.0
Southern	222.0	187.3	22.7	[redacted]
[redacted]	104.0	87.0	25.8	[redacted]
South [redacted]	116.8	101.1	23.5	[redacted]
Yorkshire	[redacted]	158.3	23.5	[redacted]

The Professionals

A simple £60bn success story

Seeing how other people look after money helps you to control your [redacted] efficiently. That [redacted] theory behind [redacted] Slaughter's series on private client [redacted] managers. Today: Mercury Asset Management

Mercury Asset Management, the investment management arm of the S.G. Warburg group, made its reputation in the 1970s and 1980s by being overweight in equities. Today, it sees no reason to reverse this investment philosophy.

British shares continue to form rather more than the backbone of most UK private client portfolios and David Rosier, the chairman of MAM Private Investors – the private client subsidiary which alone has £2.9bn under management – says: "We still believe that long-term investors will do a lot better by investing in the equity markets. That is where the long-term value is."

MAM was incorporated as a [redacted] subsidiary in 1969 [redacted] now has a total of £60bn [redacted] including a large amount of pension fund money. Rosier cites this finan[redacted] an added source of reassurance and benefit for the private clients in his corner of the empire.

"[redacted] are dedicated to giving a personal service to private clients," he stresses. "They will have their own portfolio manager looking after them whose job it is to cater to their requirements. But, by being part of Mercury [redacted] Management, we also have the ability to deliver services that may not be available at other investment houses.

"For example, we have specialists in MAM who are looking after $20bn of international bonds, and our clients have been able to take advantage of the large rise in international bond markets that began in 1991. In Julian Baring, we are also acknowledged to have the expert in mining and gold shares in the UK, and there are times when private clients would like, and should have, some gold.

"MAM has offices in every financial centre in the world and a smaller organisation simply couldn't afford that. A further benefit of size is that it has allowed us to invest heavily in systems.

"Administration is so important on the private investor side. People can understand that you don't always get that extra [redacted] of performance, but they can't understand if you don't spell their name right or if they [redacted] receive their [redacted] dend cheques."

MAM [redacted] correct asset allocation strategy is central to the management of [redacted] investments. Last year, some private clients with growth portfolios had approaching 20 per cent of their [redacted] in international bonds and cash.

[redacted], the favoured asset distribution is UK equities (63 per cent); North America (6 per cent); Europe (7 per cent); Japan (6 per cent); Pacific basin (3 per cent); emerging markets and commodities (3 per cent); gilts (11 per cent) and cash (1 per cent).

Private client portfolios do not replicate these allocations slavishly, however. Rosier explains: "It is up to the private *client manager* to work within this asset allocation because he knows the client and structures the portfolio [redacted]"

MAM has 2,400 UK [redacted] and 500 international [redacted] and each has a portfolio manager with whom regular contact is maintained although *there is the safety-net of a* team back-up to ensure continuity "if someone falls under a bus". The managers [redacted] siderable autonomy and there is no list of approved [redacted] to clip [redacted] wings.

Sometimes, however, there will be a strong house view on certain companies, and managers will be told not to hold these shares. It is a matter of some pride to Rosier that MAM was not holding one Polly Peck or British & Commonwealth share when these companies hit trouble.

Individual portfolios are constructed for all private clients with more than £300,000 to invest, and the UK exposure in these is concentrated tightly on 20 to 30 shares. "In order to take away 90 per cent of the risk in a portfolio, you need to have about 20 shares," Rosier argues. "With 50 to 60 shares, you are moving only towards the average, and there is no point in having something in your [redacted] isn't going to [redacted] your [redacted] formance."

Exposure to smaller compa[redacted] is provided through Mercury unit trusts. Indeed, unit trusts and a range of investment trusts [redacted] provide the overseas weighting in smaller portfol[redacted]. Only [redacted] who [redacted] more than [redacted] are invested directly in overseas equities, [redacted] even these large accounts often have a core holding in a fund.

Unless they are very large, equity portfolios [redacted] seldom hedged because of the cost. Hedging usually is confined to the pure bond portfolios where managers may like a bond *market* but not the currency.

The performance achieved for [redacted] private [redacted] portfolio is monitored regularly. So is turnover; Rosier reckons this averages around 25 per cent a year.

Each of the 34 private client managers has responsibility for a specialist sector of the market, but they are not expected to devote themselves only to research. Rosier notes: "They don't [redacted] time and, anyway, we have [redacted] huge research back-up within [redacted]"

The numbers certainly [redacted] impressive. There are more than 170 fund managers in the group, each specialising in a market or sector. MAM believes this to be one of the largest investment teams in the world. Last year, MAM's private investor arm won 420 new clients and lost between 20 and 30. Each new client is asked to contact Rosier if they are unhappy with the service the receive.

Last year, a client with £5m did so. "He didn't believe we had understood his brief and we changed the manager," says Rosier, adding: "You always lose a few clients but it is quite hard to find out why. Essentially, it means that the relationship has broken down."

Rosier sees a "huge" potential for expanding overseas client numbers. "The international private client market is very fragmented," he points out. "There are areas of the world where there has been an enormous growth in personal wealth – yet, by and large, the international private client has not been well catered for."

Increasingly, clients with very large portfolios are opting to spread their assets among several different investment managers. Rosier says: "There is very much a trend towards multi-advisers. It is not so much that clients want diversification, but they don't want all their eggs in one basket."

This seems to demonstrate an inherent caution which Rosier believes to be common to almost every client. Indeed, a number of MAM's international clients insist that 50 per cent of their money is in bonds and 50 per cent in UK equities.

Rosier says: "Experience has taught me that most clients are pretty risk-averse. Often, you find that the more money people have, the less risk they want to take. After all, if you have made £100m, you don't need to take risks."

[redacted] factfile 2

[redacted]
(Mercury Asset Management Private Investors)
Established: 1946
[redacted]
Number of offices in UK: One
[redacted]
Funds under management: £2.9bn
[redacted]
Number of expatriate/foreign national private clients: 500
[redacted]
investments): £300,000 segregated portfolios)
[redacted]
Average annual portfolio turnover: 25%
[redacted]
commissions); fixed interest portfolios, 1% on first £1 million [redacted] £7,500 pa); Mercury Portfolio
[redacted]

Record bond prizes

Someone in Britain is getting used to becoming an instant millionaire. For only the fourth time, National Savings' premium bonds yesterday paid out a £1m jackpot, *writes Richard Willsher.*

The chances are that it wasn't you – but you might well have won a prize, anyway, because there are plenty to go around. July marks the first time that more than 250,000, with a total value in excess of £16.5m, will have been paid out in a single month.

This record-breaking pay-out represents a return of 5.2 per cent on the £3.8bn total value of bonds held. Since January, the number of prizes has risen by 34 per cent and their value by 37 per cent.

News of the £1m prize was announced on December 16 and investment in premium bonds took off, reaching £201m in February. This was the last month in which newly-bought bonds were eligible for the first seven-figure pay-out at the start of April.

The approach of a National Lottery has sparked even more interest in premium bonds – where buyers have the added advantage of not losing their stake – and marketing has been intensified. But will investors find them worthwhile?

The best instant access accounts at building societies are, typically, paying around 6.5 per cent gross or 4.9 per cent net of basic rate tax. But winnings on premium bonds are free of UK income tax.

Investors with the maximum holding of 20,000 £1 bonds – and anyone over 16 can hold that many – can expect, with average luck, to win 16 prizes of £50 in a full year. That is, *roughly, 4 per cent gross. Even* if you win nothing, you lose only the chance of earning interest on your money – which is not much in the present low interest-rate environment.

FINANCE AND THE FAMILY

Annuities

Why you must shop around

Wrong choices can be costly, warns ***Debbie Harrison***

There [illegible] little point investing carefully in a pension plan for 20 to 30 [illegible] if, [illegible] retirement, [illegible] fail to shop around for your annuity. The wrong choice of provider can reduce the annuity rate by up to 25 per cent, while unnecessary expense on costly features can knock up to 50 per cent off your income.

An annuity is an insurance product that provides [illegible] guaranteed income for life in return for a lump sum [illegible]. With money purchase pensions, which [illegible] contribu[illegible] to provide [illegible] fund at retirement rather than [illegible]ry-linked pension, the bulk [illegible] that fund must be [illegible] to buy what [illegible] known [illegible] compulsory purchase annuity.

Retirement annuities, [illegible]sonal pensions, executive plans, [illegible] voluntary contribution schemes (AVCs), free-standing [illegible] (FSAVCs) [illegible] money purchase [illegible] (Comps) [illegible] all [illegible]ples of money purchase arrangements.

Given the complexity of annuities, it is [illegible] to seek expert independent advice, preferably on a fee basis. But the important point to remember is that once you have made your [illegible] and handed [illegible] your money, you [illegible] switch to a different provider – or even to [illegible] different type of annuity within [illegible] same provider's product range.

In recent years, though, pro[illegible] [illegible] developed [illegible] range of options. You can, for example, buy [illegible] fixed [illegible] annual increase (commonly, 3 or [illegible] a year), [illegible] that [illegible] linked [illegible] retail price inflation. [illegible] options ensure [illegible] return of out[illegible] fund [illegible] your dependants if you die within a certain period. But [illegible] feature carries a cost in terms of reduced income.

Annuity [illegible] fluctuate in line with [illegible] conditions. To back the guarantee associated with annuities, life offices buy medium and long dated [illegible]. [illegible] annuity rate you secure – [illegible] is, [illegible] amount of regular income you can purchase with your fund – will depend on prevailing gilt yields. The annuity rate also is based on [illegible] series of actuarial factors including your age, sex and health. Statistically, women tend to outlive men by between five and seven years, so the annuity rates offered to women will be lower than for men of the same age.

[illegible] exception [illegible] annuities bought by [illegible] personal pension fund which has [illegible] liabilities from [illegible] State earnings-related pension scheme (Serps). It is possible for an individual to contract out of Serps and use the money handed over to build up a personal pension fund. This fund then has to buy an annuity which meets certain government specifications.

The [illegible] providing [illegible] annuity must [illegible] quotations [illegible] people of the same age, regardless of sex; it also has to offer [illegible] spouse's pen[illegible] and annual [illegible] to a maximum of 3 per cent.

[illegible] choosing the right annuity is to use the open [illegible] option. This allows you to take the proceeds [illegible] your pension fund away from the plan provider and to buy your annuity elsewhere. The top names in personal pension plans often are quite different from the top names in the annuity market, so it makes sense to shop around.

Annuities can be sold only by life offices. If your pension plan is provided by any other sort of financial institution – say, [illegible] unit trust group – then [illegible] have no choice but to use the open market option. This can improve the income provided by your annuity by up to 25 per cent – the typical difference between the [illegible] worst rates on offer. But some life offices penalise policy-holders who use [illegible] option while others pay a loyalty bonus to [illegible] who stay put, which is tantamount to the same thing. Either way, the differential must be taken into consideration when weighing up the benefits of the better rates available [illegible] option.

The [illegible] the [illegible] annuity options and their [illegible] in terms of diminished income. The figures, provided by Lexis Pensions Consultants, assume the buyer is a man aged 60 with [illegible] wife of 57. After taking his tax-free cash and purchasing his protected rights annuity, [illegible] fund size is £100,000.

The maximum annual income he could get when we checked was £11,327; this was for a pension that did not include annual increases, a spouse's pension, or any other guarantees. If he goes for every possible option (see "combination" in the examples following), he might consider himself to be a wise and cautious fellow – but he will also forfeit half of his income, leaving him just £5,675 [illegible] year.

The options fall into seven main categories:

■ **Guaranteed annuities.** These pay a lump sum or continue the regular income for the five or 10 years guaranteed even [illegible] the [illegible] – a [illegible] option given [illegible] one in eight people dies within the first five years of retirement. Reduction in income: 2 per cent to 6.2 per cent, depending on the period of guarantee.

■ **Increasing ("escalating") annuities.** These rise each year in line with a pre-determined rate, typically 3 per cent, 5 per cent or RPI. Some degree of inflation-proofing is essential. [illegible] toll, the [illegible] level annuity plummets. Early [illegible] – [illegible] voluntary or [illegible] – combined with [illegible] longevity aggravate this problem, as can be seen in Table 2. Reduction in [illegible] cent to 40 per cent, depending on rate of increase.

■ **Payable in [illegible] in arrears.** This affects the timing of the first payment. You can [illegible] frequency [illegible] payment: monthly, quarterly, half-yearly or annually. Likely reduction in income: 10.4 per cent for annual in advance. Monthly in advance would reduce the income by about 6 per [illegible] compared [illegible] annual income paid in arrears.

■ **Spouses' pensions.** These are [illegible] normally compulsory except for annuities bought from personal pension funds which [illegible] liabilities from Serps. Your requirements will depend on [illegible] status and your spouse's own pension arrangements. Reduction in income: 11 to 14 per cent, but can be higher depending on couple's age and the level of spouse's pension.

■ **With or without proportion.** When an annuitant dies shortly [illegible] pension pay[illegible] due, [illegible] surviving

Continued on page VIII

THE 'COST' OF ANNUITY OPTIONS IN TERMS OF REDUCED INCOME

	Cost of Annuity Benefits: Annual Income	Reduction
GUARANTEES		
No guarantee	£11,327	
5 year guarantee	£11,104	[illegible]
10 year guarantee	£10,634	[illegible]
ANNUAL INCREASES		
Level	£11,327	
3% escalation	£ 9,019	[illegible]
5% escalation	£ 7,600	33.0%
8.5% escalation	£ 5,091	[illegible]
RPI version 1[1]	£ 7,905	[illegible]
RPI version 2[2]	£ 8,765	[illegible]
TIMING FIRST PAYMENT		
Yearly in arrears	£11,327	
Yearly in advance	£10,151	[illegible]
SINGLE/SPOUSE		
Single life	£11,327	
50% spouse's	£ 9,652	11.1%
2/3rds spouse's	£ 9,296	[illegible]
50% spouse's with proportion	£10,072	[illegible]
[illegible] with proportion	£ 9,714	[illegible]
COMBINATION		
Level, single life	£11,327	
2/3rds spouse's, with proportion 5 year guarantee, 5% escalation with overlap[3]	£ 5,675	[illegible]
INVESTMENT OPTIONS		
Conventional, level	£11,327	
With profit, 8% anticipated bonus	£ 9,270	[illegible]
With profit, [illegible] anticipated bonus	£ 7,154	[illegible]

[1] If RPI goes down, so does income
[2] If RPI goes down, income holds at previous rate
[3] 'Overlap', only available under occupational schemes, means that if the annuitant dies, the spouse's pension starts immediately and any outstanding 'guarantee' benefits are also paid.

Figures based on:
Male 60, female 57,
£100,000 purchase price
conventional rates at 7/6/94 (Standard Life)
With-profits rates at 7/6/94 (Prudential)
Source: Lexis Pension [illegible]

What £100 of your money will be worth in the years ahead

Average inflation [illegible]	5 yrs	10 [illegible]	[illegible]
3%	£86	£74	[illegible]
[illegible]	£78	£61	[illegible]
7%	£71	£51	£36

The average inflation over the last five years was 4.9 per cent.
Source: The Annuity Bureau and Central Statistics Office

> **The government's white paper on pension reform indicates there will be more flexibility on the timing of annuity purchases after April 1997. Although details are few, it appears you will be able to take your tax-free cash at retirement and leave the rest of the fund fully invested so long as you buy your annuity by age-75. During the deferment period, it will be possible to draw an annual income from the fund.**
>
> **A second proposal will require the protected rights fund from the appropriate personal pension to buy an annuity that increases each year in line with price inflation, capped at 5 per cent (known as limited price indexation) rather than the 3 per cent fixed rate applicable now. Full details will be given in the [illegible] *FT* in due [illegible]**

FINANCE AND THE FAMILY

When credit is overdue

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

In a recent Briefcase reply, you said all Commonwealth citizens were entitled to a personal allowance to set against dividend income in the UK. I am a British citizen with full rights of residence in the UK and my husband also is British. But since my marriage 27 years ago, I have been resident and ordinarily resident in Switzerland.

I have a small income from UK investments amounting to about £2,000 a year and I have claimed back tax above the 15 per cent withholding tax [illegible] year. It appears that I might have been entitled to claim [illegible] the withholding tax [illegible] well. If this is so, how far back can I claim?

■ Yes, you have been entitled to payment of the whole of the tax credit on your UK divi[illegible] [illegible] April [illegible] 1990 because your personal allowance is £3,005 for 1990-91, £3,295 for 1991-92, and [illegible] 1992-93 to 1994-95.

Write to the foreign dividends office to which you have submitted your claims and ask it to transfer your file to the international [illegible] (with a request that it sends you forms for section 278(2)(a) supplementary [illegible] for 1990-91 onwards).

The rules were different before April 6 1990. Whether any further refunds are due for [illegible] 1989-90 (which is as [illegible] you can go, under the general six-year time limit) depends upon your husband's world-wide income. It [illegible] unlikely that anything [illegible] will, in [illegible], prove to be [illegible] those two early years.

You could ask also for [illegible] copy of the free booklet [illegible] 20 (Residents and non-residents: liability to tax in the UK).

* * *

I refer to your reply [illegible] that "as a non-resident Commonwealth citizen, you are entitled to a personal allowance against your UK income tax [illegible]". If this is so, could you please let me know:

1. Since which tax year has this been so?

2. Is one also entitled to higher personal or age allowance or only basic personal allowance?

1. [illegible] citizens have been entitled [illegible] full personal reliefs [illegible] 1990-91. In 1989-90 and 1988-89 (which is as far back as claims can be made, under the general six-year time limit) the rules were different and entitlement to relief depended upon world-wide income.

2. The only allowance not available to a non-resident is the transitional allowance for a married woman whose husband had a small income in 1989-90. (See also answer to previous letter).

Unwanted shares

Having sold a holding of BP, I find myself the proud owner of six shares, being a stock dividend distributed after my sale. The last time something like this happened to me, it took a prolonged effort to throw the shares away. Is there any better way out?

■ One solution you might like to consider is that many unit trusts offer free transfer of such amounts into their own funds so that at least you will be given credit for the shares' value, albeit small. *(Answer by Murray Johnstone Personal Asset Management).*

Tenants and the Revenue

I live in [illegible] leasehold flat, and [illegible] with the other 13 tenants in the building, [illegible] a 1/14th equal share in [illegible] limited company that owns the freehold. As a company, we act in all matters concerning the building, including collection of charges due.

The company does not generate a "profit" and any surplus funds at the end of [illegible] financial year are carried forward for use in the future. No dividends are paid to shareholders and nor are any likely to be. On this basis, why does the Inland Revenue produce assessments for tax, and how can we prepare our company accounts to avoid what appears to the Revenue to be a profit?

■ Since the company is assessable under the rules of Schedule A, the way in which its accounts are drawn up will not affect its annual corporation tax bill, as the company's auditor will confirm.

Broadly speaking, the expenditure actually incurred in each year is deducted from the rents and service charges due from the tenants in the year, and any balance is chargeable to corporation tax. If surplus funds are put on deposit or invested, the resulting income will also be chargeable to corporation tax under the rules of case III of Schedule D (or otherwise, depending upon the precise nature of the investment.)

The price of Pibs

In the *Weekend FT* of May 21/22, you gave details of permanent interest-bearing shares (Pibs) in several building societies.

You stated in your article that investors can get back their capital only by selling these in the stock market. Where can you buy Pibs and where are the daily prices published?

■ Permanent interest-bearing shares in building societies can be purchased through the market and you should contact your local broker. Prices are published in the stock exchange Official List and under the London Stock Exchange Dealings heading in section one of Saturday's *FT*.

Investors should be aware, however, that Pibs are not protected investments for the purposes of payments out of the building societies' investor protection funds. *(Answer by Murray Johnstone).*

LATEST ANNUITY RATES

Compulsory purchase level annuity

Male age 55	Annuity	Female age 50	Annuity
Months movement +1.4%		Months movement +4.2%	
Prudential	£10,037.64	Prudential	£9,091.08
Equitable Life	£9,897.00	Royal Life	£8,966.16
Royal Life	£9,881.80	Scottish Widows	£8,900.04
Male age 60	**Annuity**	**Female age 60**	**Annuity**
Months movement +0.1%		Months movement +2.2%	
Prudential	£10,829.40	Prudential	£9,973.92
Equitable Life	£10,815.00	Royal Life	£9,942.62
Royal Life	£10,727.80	Canada Life	£9,761.04
Male age 70	**Annuity**	**Female age 70**	**Annuity**
Months movement +1.1%		Months movement +1.9%	
RNPFN	£13,943.00	Royal Life	£12,180.76
Royal Life	£13,845.89	RNPFN	£12,008.00
Canada Life	£13,829.40	Canada Life	£11,997.88

Joint Life - 100% spouse's benefit

Male 60/Female 57	Annuity	Male 65/Female [illegible]	Annuity
Months movement +3.3%		Months movement +1.8%	
Prudential	£9,162.48	Prudential	£9,697.44
Royal Life	£9,056.05	Royal Life	£9,663.28
Scottish Widows	£8,936.28	Canada Life	£9,521.82

[illegible] at July [illegible] £100,000 and are [illegible] gross. [illegible] are available only [illegible] professions. Figures supplied by the Annuity Bureau Limited, [illegible] House, [illegible] London, SE1 9PQ. Tel 071 620 4090

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets: Size £m	Targets: Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP: Minimum Invest. £	Outside PEP: Annual Charge %	Inside PEP: Minimum Invest. £	Inside PEP: Annual Charge %	Offer Period
■ INVESCO Japan Discovery														
INVESCO Asset management (0800 010333)	Panmure Gordon	Japan	1:5		n/a	[illegible]	Yes	100p	95.1p	1,000	[illegible]	n/a	n/a	14/7/94-29/7/94
Specialising in Japanese smaller companies, to be run by manager of Invesco's Japan Smaller Companies unit trust														
■ 3i														
3i (0645 313131)	Baring Brothers	Venture Cap	[illegible]	[illegible]	[illegible]	No	No	272p	314.4p	1,020	n/a	[illegible]	n/a	22/6/94-8/7/94
The giant investment capital fund finally comes to [illegible] banks sell part of their stake														

Why you must shop around

■ From page VII

spouse might already have lived for several months with no income, for some pension schemes pay as seldom as once a year. With most schemes, that is just tough. But it is possible to arrange that the scheme will pay the survivor a proportion of the next payment. So, if there were three months left to the next annual payment, the survivor would receive three-quarters of it. Reduction in income: an extra 1 per cent on top of the cost of the spouse's pension.

■ Combination. Clearly, many people would like to combine several options, and here the drop in income can be substantial, particularly if you go for a high rate of annual increase and a high level of spouse's pension. Reduction in income: up to 50 per cent, depending on options selected.

■ Investment. A handful of providers sell annuities that leave the fund invested on a with-profits [illegible] unit-linked [illegible]. Under a with-profits annuity, shown in [illegible] chart on page VII, the annuitant secures a fairly low guaranteed income and also is awarded annual bonuses from the with-profits fund. To lift the initial income, it is possible to set an anticipated rate of bonus. Where the actual declared bonus rate is lower than anticipated, then the income will fall, and vice-versa.

But these, and other complex options like phased retirement, should be considered only if you can afford to take a gamble. For others, a conventional product is best since it offers rock-solid guarantees.

□ *As well as independent pensions advisers, there are several annuity specialists. [illegible] The Annuity Bureau Ltd, Enterprise House, Upper Ground, London SE1 9PQ (tel: 071-620 4090); Annuity [illegible] 32 Scrutton Street, London EC2A [illegible] (tel: 071-375 1175); and Lexis Pension Consultants, [illegible] Crosbie Square, London EC3A [illegible] (tel: 071-374 4448).*

■ See latest annuity rates on this page

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	[illegible] deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 645700	[illegible]	£500	[illegible]	Yly
Bradford & Bingley BS	Direct Premium	0345 248248	[illegible]	[illegible]	6.40%	Yly
Chelsea BS	Classic	0800 717515	[illegible]	£2,500	6.00%	Yly
Nottingham BS	Post Direct	0602 481444	[illegible]	[illegible]	[illegible]	Yly
[illegible] A/cs [illegible]						
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£500	6.00%	[illegible]
				£10,000	6.60%	[illegible]
National Counties BS	90 Day	[illegible]	[illegible]	[illegible]	[illegible]	Yly
Chelsea BS	Fixed Rate Bond	0800 272505	30.9.99	£10,000	9.00%F	Yly
MONTHLY INTEREST						
[illegible] BS	Capital Trust	[illegible]	Postal	£2,000	5.37%	Mly
[illegible] & [illegible] BS	Balmoral Income	[illegible]	30Day(P)	£25,000	6.22%	Mly
[illegible] BS	Scarborough 94	0800 590578	90 Day	£25,000	6.75%B	Mly
Chelsea BS	Fixed Rate Bond	0800 272505	30.9.99	£10,000	[illegible]	Mly
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£8,900	8.00%F	Yly
[illegible] & Rugby BS		[illegible]	5 Year	£3,000A	7.35%	Yly
Melton Mowbray BS		[illegible]	5 Year	£1	7.20%	[illegible]
Nottingham BS		0602 481444	5 Year	£1	7.15%	[illegible]
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	[illegible]	031 556 8235	[illegible]	£1	[illegible]	Yly
UDT	[illegible]	081 447 2438	Instant	£1,000	[illegible]	Qly
Chelsea BS	Classic Postal	0800 717515	[illegible]	[illegible]	[illegible]	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	[illegible]	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank (Jsy)	Flexible Inv	0534 608060	60 Day	£25,000	6.80%	H/Yly
Derbyshire (IOM) Ltd	90 Day Notice	0624 663432	90 Day	£50,000	7.06%	[illegible]
Confederation Bank (Jsy)	Investment Cert	0534 608060	5 Year	£10,000	8.25%	[illegible]
GUARANTEED INCOME BONDS (Net)						
Liberty Life		081 440 8210	1 [illegible]	£10,000	4.90%F	[illegible]
General P[illegible]		0279 462839	2 Year	[illegible]	5.80%F	Yly
Prosperity [illegible]		0800 521546	3 Year	[illegible]	7.05%F	Yly
Co-operative Bank		0800 132329	[illegible] Year	£2,000	7.25%F	[illegible]
Eurolife		071 454 0105	[illegible]	£10,000	7.75%F	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	[illegible]	7.25%F	OM
	First Option Bond		[illegible]	£1,000	6.00%FI	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = Feeder account also required. B= 7 day loss of interest on all withdrawals. G= 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.40 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500677.

PERSPECTIVES

As They Say in Europe

Chaos is restored

Britain's foreign secretary, Douglas Hurd, is fond of saying that things in the European Union are moving Britain's way. And last weekend's events on the island of Corfu proved it. Britain was able to eliminate the man – Belgian prime minister Jean-Luc Dehaene – that most of the others wanted on the reasonable ground that they preferred him. Especially the Germans and the French.

Many Europeans failed to see this as the blow for freedom it was represented as being in Britain but, rather, the result of an interplay of forces within the Conservative party and the British media. What happened had, in effect, been a coronary at the heart of Europe. The Dutch paper, *Trouw*, expressed the general view succinctly: "Major [illegible] accept Dehaene. In the United Kingdom, it is the tabloids that rule."

The fact is that Dehaene was no more unacceptable to Britain than any other majority candidate might have been. But since he was depicted in the UK as a fanatical centraliser, that was that.

Actually, he was a good deal more acceptable than the other leading contender, Dutch prime minister Ruud Lubbers, whose colourful and scandal-ridden career in politics would have caused huge international interest had it happened anywhere but the Netherlands. Lubbers was also the architect of the Maastricht treaty, which could be regarded as a disqualification for most jobs.

In Germany, and even in France, there was some sympathy for the British position. The *Frankfurter Allgemeine* shared a widely-held view that the way in which Dehaene had been presented to the nations of Europe left [illegible] lot [illegible] be desired. By implication, John Major was right to see this as some kind of Franco-German diktat.

Yet, said the [illegible] "Franco-German co-operation is indispensable for the evolution of Europe." And it noted, menacingly: "Only those who believed that the order of battle 'Britain against the rest of Europe' had been put to rest with Margaret [illegible] overthrow can refuse to admit the existence [illegible] a [illegible] British conflict with the Europeans."

In France, comment often followed similar lines. There was some recognition that the two allies would have to watch their step, however high-minded their motivation, alongside a belief that Britain [illegible] not really be "dissolved in Europe", as *La* [illegible] put it.

Inevitably, *Figaro* produced a characteristic rant and quoted [illegible] about booting the English out [illegible] France – which, in the [illegible] of most sections of French society, is synonymous with Europe. (It ceases to be Europe when it disagrees with France.) But there was an implicit question that found [illegible] echo elsewhere: "Can Europe progress [illegible] Britain as a member?"

The next stage of the battle is to find another candidate, a freely accepted man-of-the-majority and yet one who is more acceptable to Britain than Dehaene. Libèration thought the affair could end up by leaving the British worse off (although conceding Major had done Europe a service by returning the EU to its normal state of chaos). And it pointed out that even though there might not be a revival of "cohesion", this row could well result in more clarity about the respective roles of

James Morgan on what Britain should have been saying [illegible] Corfu

the [illegible] and the member states.

For the UK, though, [illegible] opportunity has been missed by rejecting Dehaene unconditionally. The British should have demanded that he and his sponsors agree to four priorities in the work of the commission as a condition for his succession. These are:

■ A crackdown on the corrupt use of EU funds. At present, this is largely the responsibility of governments – and they have little interest in firm [illegible] corruption [illegible] to their people [illegible]

■ That work should begin now on ensuring farm spending is reduced in preparation for the programme of subsidy reduction agreed in the Gatt world trade round.

■ That each member should guarantee implementation of the single market directives to at least the level achieved in Britain.

■ That the commission should complete its work on producing a binding definition of sub[illegible]

[illegible] (apparently naive) proposals are thoroughly objectionable in the [illegible] governments although they could hardly [illegible] it. Rejection would mean that any British veto had a sound moral base. Acceptance would give the British a huge stick to wave at every council meeting from now on.

The great error of the British is the failure to recognise that the best way to screw up the EU is to ensure that every single rule, regulation, directive and agreement is implemented to the very letter.

■ *James Morgan is economics correspondent of the BBC World* [illegible]

Double act

Continued from Page I

he had publicly disagreed with the "absurd" policy of patenting short sequences of DNA, which he argued were commercially valueless.

These days he is interested in medical ethics. By this, he does not mean what most people mean. Of course, he said, there is [illegible] problem in deciding [illegible] people should [illegible] warned of their genetic predisposition to particular illnesses. "But the major ethical problem – one which faces the British government, for example – is whether it will spend the money to ensure that its citizens have as healthy babies as possible. That's the major one." In other words, he is worried not that legislators will let scientists interfere too much, but interfere too little.

"We have the wrong priorities," he said. "We tend to get stuck on something about which you can argue for ever. But does [illegible] family want a child that can't learn? Are we going to help people have functional families? It's just common sense. I think the problem will disappear if we ask the right questions." Watson speaks with feeling: one of his own two sons was born with [illegible] serious learning handicap.

And here the similarity of thinking between Crick and Watson, so prod[illegible] the Cavendish all those years ago, becomes apparent. Both are frank and passionate materialists who run a mile from the comfort of metaphysical explanations. "Are we similar types? Yes," said Watson. "I think we think in the same way. Francis always thought much quicker and [illegible] than I [illegible] But [illegible] have similar [illegible] to people."

To the big questions also. Francis Crick's latest book, published in May, is called *The Astonishing Hypothesis*. It is the product of his new career at the Salk Institute as a neuroscientist specialising in visual perception. (Watson has plans for similar research.)

Crick's hypothesis is simply that human consciousness, personality, the soul – whatever you will – are entirely explicable in [illegible] brain activity. Approaching the mystery [illegible] with the same ruthlessness that the pair applied [illegible] the [illegible] life, [illegible] that the only [illegible] can explain ourselves [illegible] ourselves is to [illegible] right inside, to the brain cells, and [illegible]

"To [illegible] religious people I [illegible] don't know which [illegible] this thing is turning out. It [illegible] turn [illegible] there [illegible] something immaterial that we don't know about." For example [illegible] was [illegible] difficulty in accounting for *qualia* – phenomena [illegible] as the [illegible] of [illegible]

So human beings [illegible] machines? "You [illegible] call [illegible] machines," said Crick. "I would put it the other way round. We should be saying 'Isn't [illegible] remarkable [illegible] this thing inside my [illegible] wonderful things!' We won't destroy the [illegible] simply trying [illegible] remove the mystery."

Crick's [illegible] could [illegible] an appropriate epitaph, for one thing [illegible] The [illegible] old men [illegible] the double helix will not [illegible] to see the results.

Everything in the garden is rosy [illegible] the wildflower [illegible] – providing [illegible] owners do not look at [illegible] bank [illegible] often.

"More often than not it's in the red, but when we feel down in the dumps we just consider our quality of life," said 36-year-old ecologist Peter Loosley.

Loosley and his partner Anne Starling, the founder of Natural Surroundings, the Centre for Wildlife Gardening and Conservation, describe their Norfolk-based business as "the largest wildlife gardening centre in Britain".

It is set in eight tucked-away acres [illegible] small town [illegible] in [illegible] north of the county. On [illegible] fine summer's day "idyllic" accurately describes the setting, in the valley of the river Glaven.

In winter however the site loses some of its appeal. [illegible] day when the biting north-east winds are roaring in from Greenland, even the soothing chimes [illegible] at [illegible] church, one of two visible on the skyline, [illegible] compensate [illegible] the harshness of the surroundings.

"We came [illegible] in February [illegible] I joined [illegible] part-time, and soon found it to be an absolutely ideal base – better than our wildest dreams," said Loosley, who continued with his job as a countryside ranger for the North Norfolk District Council until he left his job to form a full-time business partnership with Anne in early 1990.

"We realised it was going to be a slog and that things would be bleak in winter. But we didn't really anticipate how dire it would be in the long dark months – that's when the bank account dips deep into the red," Loosley said.

Sometimes the pair think they are mad to stick at their task, which after nearly 5¼ years turns over only £44,000 and provides a meagre living for the two. "Fortunately we are both single," said Starling. "But even with the amount of idealism we retain, we find it tough [illegible] we realise that with good qua[illegible]ions in our mid-30s and usually working a seven-day week, [illegible] find it [illegible] to make ends meet."

This year, in [illegible] determined effort to have enough money to take [illegible] holiday if either of them desires one, the partners are employing no part-time staff. "We are doing everything ourselves this summer to try and build up a little spare cash," Starling said.

The decision means very long days, frequently followed by one or both of them giving an evening class or a talk to a local organisation.

The labours involved in running the [illegible] include [illegible] three pet goats, creating [illegible] of the [illegible] every [illegible] tending [illegible] the dem[illegible] plots, mowing [illegible] general maintenance, caring for the two acres of wildflower meadows, conducting guided tours, and working in [illegible] nursery.

"Our work has a high educational content," Loosley said. "For example, visitors sometimes ask why we mow meadows, but that is [illegible] they were always cultivated. They were intended to provide at least one crop of hay.

"But in attempting to recreate them, the skill lies in knowing when to mow, and also when to plant additional species that will add to the variety and richness of the meadow."

Starling and Loosley have more than 130 wildflower species at the centre. As the soil was virgin and unsprayed they reckon up to 80 species were there before they arrived. They now import 50 varieties and propagate well over 100 species of wildflower plant – and also produce their own seed from plants in their wildflower nursery.

"Above all, the people coming here want to know how to create wildflower meadows on parts of their land, and it's one of the hardest things to achieve," Loosley said.

[illegible] and Loosley charge for entry to the centre and also for any [illegible] give. [illegible] quarters of their turnover – £33,000 – comes from sales of plants, entry fees and shop takings. They [illegible] a limited amount of contracting work and Starling has designed three local wildlife gardens that she still tends once a fortnight. They have a £5,000 outstanding loan from Anne's father and an overdraft facility of £7,000 that they rely on heavily in winter.

If the partners have any regrets over a lifestyle that is, they admit, just what they wanted, it is that they feel the local community has not supported them financially as much as they might have wished.

"We have a wonderful landlord in the estate owner, Robin Combe. Initially he gave us two years rent [illegible] Now he takes five per cent of turnover," Starling [illegible] "Despite trying hard, we failed at the outset to get [illegible] sort of [illegible] or sponsorship, which we accepted. But we find it hard to accept that many local people don't know we are here and what we do. We really are dependent on people visiting us from all over the country and spreading the word."

Fortunately this is happening. Every summer the partners find they have an increasing number of repeat visits, which is one reason they try to extend their activities every spring.

But there is still the problem of the winter. Much of last winter was spent producing their first mail order catalogue. It has sections on wild flower plants and seeds, native [illegible] and shrubs, [illegible] garden plants, wild flower meadow seed mixtures, pond plants, and naturalists' equipment and books. Most of the items are available all year round.

"The signs are quite hopeful," Loosley [illegible] "Things [illegible] building [illegible] even if financially it is still very hard. This [illegible] on [illegible] good deal of [illegible] with the community in mind and with a strong educational element.

"Sometimes we feel we are [illegible] pushy enough. But whatever happens we are here to stay."

■ *[illegible] Surroundings [illegible] for Wildlife Gardening and [illegible] Bayfield Estate, Bayfield, Holt, Norfolk NR25* [illegible]

Partners in their natural habitat: Peter Loosley and Anne Starling. Their business is based on idealism — Colin Beare

Minding Your Own Business/Clive Fewins

A wild time in the garden

LEGAL NOTICES

[illegible] THE HIGH COURT No. 133 COS.CTS IN THE [illegible] OF DWYER PUBLIC LIMITED COMPANY and IN THE MATTER OF THE [illegible] ACTS 1963 TO 1990 [illegible]

NOTICE IS HEREBY [illegible] that the Order of the High Court of Ireland dated 1 June 1994 confirming the reduction of capital of the above named [illegible] (the "Company") [illegible] IR£3,220,897.75 [illegible] STG£23,459,761.50 to IR£3,220,897.75 and the minute approved by the court with respect to the said reduction as required by the Companies Act 1963 of Ireland were registered by the Registrar of Companies on 30 June 1994.

Dated 2 July 1994
A & L Goodbody
1 Earlsfort Centre
Hatch Street
Dublin 2
Solicitors for the Company

MINDING YOUR OWN BUSINESS

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

CONTRACTS & TENDERS

SIERRA LEONE

POWER SECTOR REHABILITATION PROJECT INVITATION TO BID FOR DIESEL GENERATING UNIT

[illegible] Government of Sierra Leone [illegible] obtained a credit equivalent to US$21 million from the International Development Association to help finance a Power Sector [illegible] Project. The National Power Authority [illegible] Sierra Leone (NPA) [illegible] to apply [illegible] portion of the proceeds [illegible] these funds [illegible] eligible payment under [illegible] contracts for which this invitation to tender is issued.

NPA now invites sealed bids from eligible tenderers for the supply of a 5 MW diesel generating unit to be installed at the Kingdom [illegible] Station, Freetown.

The contract will be a turnkey contract to include all civil, [illegible] and [illegible] work. The [illegible] of [illegible] will include design, manufacture, work's testing, supply, civil works, erection, training, [illegible] testing and commissioning of a 5 MW [illegible] generator and [illegible] auxiliary equipment. The [illegible] generator [illegible] an existing building.

Interested [illegible] obtain further information from and inspect the bidding [illegible] at the office of NPA. A complete [illegible] bidding documents may be obtained personally by prospective Tenderers, or by their aut[illegible] representatives, upon cash payment of a non-refundable amount of US$500 at the offices of the Engineer (address below). Alternatively documents will be forwarded to Tenderers on receipt, by post, of a payment for the above amount. It is anticipated the bidding documents will be available from 1 July 1994 onwards. All bids must be accompanied by a bid security in the amount of not less than 2 per cent of the bid amount and must be [illegible] (address below) [illegible] 12.00 hours (local time) 28 September 1994. Bids will be opened in public in the presence of bidders representatives who choose to attend at 12.30 hours on the same day at the same address.

Each Tender [illegible] demonstrate [illegible] relevant experience and financial status of the respective Tenderer.

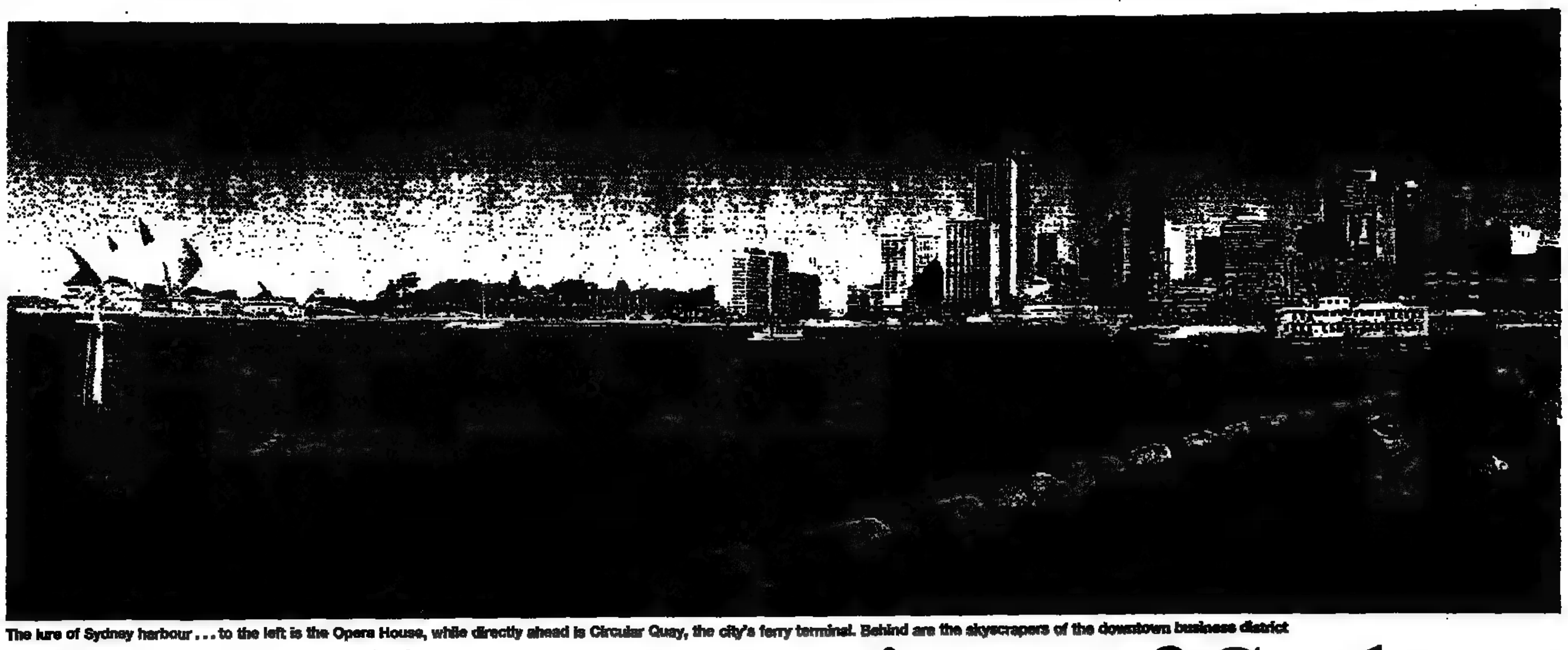
The Purchaser:	The Engineer:
The General Manager NATIONAL POWER AUTHORITY Electricity House 36 Siaka Stevens Street FREETOWN Republic of Sierra Leone	The Project Manager [illegible] Power [illegible] Rehabilitation Project MERZ and McLELLAN LIMITED Amber Court William Armstrong Drive [illegible] Park NEWCASTLE UPON TYNE NE4 7YQ England
Tel: (232 22) 223456 Fax: (232 22) 224 067	Tel: (091) 226 1899 [illegible] (091) 226 1104

BUSINESSES FOR SALE

BUSINESS SERVICES

OFFICE EQUIPMENT

PROPERTY: AUSTRALIA




The lure of Sydney harbour . . . to the left is the Opera House, while directly ahead is Circular Quay, the city's ferry terminal. Behind are the skyscrapers of the downtown business district

They all want a view of Sydney's harbour

Its beauty enchanted Trollope last century. For home seekers in Australia's biggest city, things haven't changed, says Nikki Tait

Anthony Trollope, the [illegible] century [illegible] writer, could have made a killing in the Sydney property business. The city's harbour, he once gushed, "is so inexpressibly lovely that [illegible] makes a man ask himself whether it would not be worth his while to move his household goods to the eastern coast of Australia, in order that he might look at it as long as he can look at anything".

More than 100 [illegible] later, little has changed. Local estate agents [illegible] still [illegible] Trollope's sentiments, making "harbour views" [illegible] one [illegible] "It's the first thing they all ask for," says Carl Hall, principal at Farquar[illegible], a firm of [illegible] rental agents.

The industry exploits this preference shamelessly. [illegible] are loaded with promises of "stunning skyline views" and "panoramic vistas" – and such is the length of Sydney's shoreline that many properties do live up to the hype. In the *Wentworth Courier*, a chunky weekly pub[illegible] acts as the real estate bible for anyone house-hunting in the prosper[illegible] suburbs, [illegible] of [illegible] yacht-flecked waterway almost outnumber photographs of properties themselves.

The eastern suburbs, along the south side of the harbour from Potts Point to the ocean, and parts of the lower North Shore, such as Mosman and Hunter's Hill, remain [illegible] locations commanding top prices. According to the Real Estate Institute of New South Wales, an "average" house in these areas would have [illegible] between A$475,000 (£220,000) and A$640,000 in the first quarter of 1994. [illegible] properties, though, [illegible] of A$1m and up are commonplace.

The pursuit of value, however, has caused younger buyers to cast their nets more widely. In the 1960s, for example, they renovated such near-city districts as Paddington and Balmain, turning generous Victorian terraces into streamlined and trendy family homes. Today, Range-Rovers and BMWs jostle for space beneath [illegible] intricate iron-work balconies – not always to the delight of older residents.

More recently, attention [illegible] turned to other run-down but cosmopolitan inner-city areas such as Darlinghurst, Newtown, Glebe and parts of Redfern – once notorious as Sydney's worst slum – where properties of a similar size beckon for a fraction of the price. Travel times into the city are little different and the variety of restaurants and shops is often better.

To the south-east, oceanfront suburbs such as Bronte and Coogee have also undergone a revival, although longer distances from the centre and less-than-ideal transport [illegible] disadvantage.

Such trends explain in part the very patchy price movements seen in the Sydney property market in recent times. Until late last year, the city's house values were largely stagnant – although, even then, there were selective pockets where demand from job-secure professionals was pushing prices back to the boom levels of the late-1980s. [illegible] late 1993, for example, three-bedroomed terraces in Paddington, less than two miles from the city centre, were changing hands for around A$450,000, little different from the peak prices seen in 1989.

Over the past six months, however, most agents have scented a more general upturn in confidence, although many still say that it is only the most desirable properties which are guaranteed an [illegible] attractive sale. "It all depends on location," says one North Shore agent, adding that flats seem to have out-paced houses.

Eva Schleisinger, at Bradfield & Prichard's office in Double Bay, the heart of the affluent eastern suburbs – and known to all Sydneysiders as "Double Pay" for its cost of living – confirms this impression although she is fairly encouraging [illegible] in her area. "Prices have been gradually creeping up again and are generally close to the boom period of 1989," she says. But she points out that one factor now absent is the heavy Hong Kong and South African interest, which was a driving force late in the 1980s.

In the rental market, the picture is more consistent. Rents are edging up and harbour views still win hands down. Many agents also say that the established preference among executives for the eastern suburbs over the lower North Shore shows little sign of changing. This, Hall suggests, is partly because of easier access to the airport – which is on the south side of the harbour – and a concentration of good schools.

North Shore homes also tend to face south, making them darker than those in the eastern suburbs. "Europeans seem to grasp this quickly," [illegible] says. But he does admit that [illegible] slightly cheaper prices on the lower [illegible] Shore sometimes [illegible] the re-locating spouse who is going to spend more time in the home and realises that a more spacious property can be obtained [illegible] weekly [illegible].

There is another, more practical element. Samantha Richmond, of agent W.J. Bridges, notes a frequent request for air-conditioning – something Sydneysiders install rarely despite summer temperatures of 30°C-plus.

Accessibility to the city also ranks highly, [illegible] this is easier to satisfy. Bridges has on its books a Los Angeles-based banker who is searching for a suitable family home. Used to spending 45 minutes commuting on a good day in California, his first request was for somewhere quiet but within 20 minutes of the city. That would be a standard drive from the eastern suburbs.

The improvement in demand over [illegible] past six [illegible] weekly rents [illegible] the top of the range can range up to A$2,500 a week although a spacious flat with two or three bedrooms and a couple of bathrooms would cost a little less – perhaps A$1,000 to A$1,200 (a year ago, it might have been A$800 to A$900). A house with three bedrooms or more would range between A$1,500 and [illegible]. Hall says leases are being negotiated for periods of three to four years, with annual increases of around 5 per cent built in.

Anyone paying top whack on the housing front can expect a few extras, like swimming pool or tennis court, although most agents say these facilities are rarely requested at the outset. And if there is direct water frontage, landlords may try to push prices higher still. But such efforts tend to hit market resistance: Hall says he is sitting on a house in Vaucluse, another top eastern suburb, which last changed hands for A$7.8m. Its owner is asking A$3,000 a week rent; so far, there has been no taker.

Meanwhile, it is worth noting that the Asian rental market in Sydney tends to be slightly different from the European, with executives showing a stronger preference for prestigious flats. This has become increasingly easy to satisfy: the city now offers apartment blocks in the central business district itself, such as the Quay West tower, as well as on the north side of the harbour bridge at McMahon's Point and [illegible]ribilli.

PROPERTY: AUSTRALIA

Where street sales are a way of life

***Audrey Powell** finds that roadside auctions provide popular entertainment in the state of Victoria*

Victoria [redacted] "the [redacted] tion capital [redacted] Australia, if not the world", according to the [redacted] government's planning and development department. Its advice booklet on buying or selling a home, which it prints in 12 lan[redacted] on [redacted] note that "the traditional Saturday [redacted] auctions of properties, ranging from modest weatherboard cottages to million-dollar mansions, is [redacted] popular weekend entertainment in Victoria's cities".

The majority of homes for sale in Victoria are offered by auction. Only [redacted] property fails to sell is [redacted] buyer sought by private treaty.

Victoria, in the south-east corner of Australia, [redacted] 4.4m people, most of whom (3.1m) [redacted] in Melbourne, the nation's second-largest city. The [redacted] estate agents compete fiercely and most quote "AH" (after hours) telephone numbers in auction advertisements.

New buyers must learn the many abbreviations. BICs are built-in cupboards, IGP an in-ground pool and LUG [redacted] lock-up garage. ELF [redacted] garden gnome – [redacted] refers to electric light fittings.

An OFP (open fireplace) always [redacted] a mention with Victoria properties. Plenty of homes have laundries [redacted] number even have sewing rooms. There are [redacted] great many [redacted] to alarm [redacted] and security.

Do not, however, expect the [redacted] foolscap [redacted] glossy brochures with colour photographs that you get from [redacted] British [redacted]. Initially, you might have to make do with [redacted] single sheet containing [redacted] line drawing of the property, the briefest description and [redacted] floor plan. You can see why the department's booklet [redacted] potential buyers should take their own photographs of properties they like.

The booklet offers guidance [redacted] procedure. This includes [redacted] documents copied, the property vetted by an architect [redacted] builder, and [redacted] mortgage approved. A [redacted]ful purchaser at auction pays a 10 per [redacted] deposit – but he forfeits the deposit if he [redacted] he cannot proceed.

A private treaty purchaser is entitled to [redacted] three-day cooling-off period, during which he can withdraw, if the price does not exceed A$250,000 (about £120,000). But there is no cooling-off time for an auction buyer.

How does a system weighted so heavily towards the saleroom work in practice? Janet and Stewart Simmons are a British couple who, after renting flats in Victoria, decided

> *'Do not expect the glossy brochures you get from a UK estate agent'*

last year to buy a house. They had noted that property prices were [redacted] rising after diving in the recession.

They wanted a place with a garden in a part of Melbourne where their children could grow up happily. A suburb adjacent to Port Philip bay seemed just the thing so they made arrangements for a bank mortgage, started viewing houses and attending auctions.

"Often," she recalls, "the auctions were outside in the street. There could be anything from 20 to 60 people. Everyone stands on the pave[redacted]. Half the [redacted] out to [redacted] what is going on. People in cars [redacted] down, [redacted] on again."

They went to one auction fully prepared to buy but did not even manage a bid as the price soared above their limit. [redacted] another, they managed a few bids but then dropped out. "In the end, I got cold feet and we did not buy [redacted] auction," Simmons says.

Instead, they [redacted]cessfully for a property which [redacted] due to [redacted] the [redacted] was willing to [redacted] privately [redacted] right price was [redacted].

What they [redacted] detached, [redacted] bungalow built of brick in 1946 with [redacted] family/dining [redacted] bathroom [redacted] laundry. There [redacted] the ubiquitous OFP and central heating plus W/W (wall-to-wall carpets) and drapes, a garage and a garden with a range of trees: silver birch, elm, maple and oak.

They feel they will need to build an additional room but do not see that as a problem. Some people in the road have had a complete storey added: hence, [redacted]ces there range from the equivalent of [redacted] £120,000.

Auction or private treaty: which is the better method? Simmons, who has had previous experience of buying in England, hedges her bets. She prefers buying by private treaty but accepts that auction [redacted].

Victoria-born Robin Wilson, now an auctioneer with London-based agent Winkworth, finds it logical for a property to go to auction first to establish its worth. He says such a sale is open to everyone and there is no argument about the price.

Wilson adds: "Everybody in England says: 'As a last resort, we can put it to auction'." In his view, that is the wrong approach.

Simmons' husband has dual citizenship, so he had no difficulty making the purchase. But other foreigners hoping to move to Australia and, eventually, buy a home there should check with the Foreign Investment Review Board (a department of the Treasury) at Parkes Place, Parkes, ACT 2600, Australia. It will tell you if permission is necessary and if, taking into account your circumstances, you are likely to get it.

COUNTRY PROPERTY

INTERNATIONAL PROPERTY

LONDON PROPERTY

LONDON RENTALS

The Beauty Bush (Kolkwitzia) is only held back by its name

Photos Hortnews

Gardening/Robin Lane Fox

A rhythm restored

Half-term reports on this season have swung round and become positive: unlike investors, gardeners have had an excellent June.

True, we had wind and, recently, great heat. The soil here has started to crack and the phloxes need watering.

After three summers on fast forward, nature has slowed and returned to her English rhythm. From June 15 to July 10, it is roses all the way, relatively unspoiled by rain. If in doubt, plant the pink Rose Felicia, the pale pink climbing New Dawn and festoons of the *rampant white Rambling Rector* up trees or towards your neighbours.

Gardening does not need to be complicated and I have tried to look back on the first half of summer through the eyes of a starter or self-improver who wants to be different without having [redacted] flop.

One answer would be to brave the queues and go to next week's Hampton Court Show, open from July 6 to July 10 with first-class shopping on [redacted] spot from [redacted] main nurseries.

Another is to cast around and react against the things which have caught my eye. I would *start* the *long route* upwards with particular shrubs, especially the pink-*flowered* Beauty Bush which is only held back by its name. Beauty Bush is bad enough, but the true Kolkwitzia is not everyone's party-talk.

This year, it has been splendid and I doubt if even a half-hearted gardener could kill it. It grows in any soil, including clay, but is best of all on chalk. It is *totally hardy* and after three or four years reaches a height of 6ft or more.

The flowers are a pale pink in profusion just before shrub [redacted] are at their best. Twenty [redacted] ago, we were often short-changed by a shy-flowering form. It seems to have retreated and Beauty Bushes now flower their skirts off from the second year onwards. It pays to prune back all shoots which have flowered as soon as the petals have fallen. Otherwise, the bush tends to flower at the top and you have to make a virtue of its lop-sidedness, planting something like a blue michaelmas daisy for late summer.

In early June, hardened gardeners fear the infamous June gap when the best of the tulips are over and the best of the irises and roses have not begun. Everything seems [redacted] hold its breath, what can we do about it?

This year, nature covered the gap by holding up May-flowering shrubs in those awful gales and cold evenings. Late spring ran smoothly into summer, but even so, I was glad of my easy answer, the *single-flowered white Rocket,* which grows like a weed from packets of [redacted] sown now [redacted] next year.

It is listed as Hesperis and it is well worth the minimal trouble as it will even flower in those dry places beneath a hedge. It picks up from the point where connoisseurs might have seen their perennial forms of white Cardamine go over, leading into the easy white profusion of June and July.

If you hate sowing seeds, think bigger and try one of my fool-proof shrubs which can be multiplied with the greatest of ease from cuttings. The white-flowered Rubus Tridel Benenden is quite a tall and broad customer, but it is outstandingly good in late May and I always [redacted] throughout the year of its [redacted] leaves and darker [redacted] health.

Make the most of it because breeders have now [redacted] it with purple-pink odoratus and the result is about to hit our garden centres. I cannot imagine that it will surpass Benenden, the ideal shrub for improving a rough bit of garden, the edge of a drive or one of those broad corners by a [redacted] nobody [redacted] very often. [redacted] prune it very hard after flowering, but it is spoilt if it has less of a width than 7ft or 8ft.

If the Rubus seems too massive, hunt around at a height of 2ft for a grossly neglected cousin of the common old Flower of Jove. Many of us grow more of the magenta-flowered Lychnis than we ever intend because it seeds everywhere and *springs* up so rapidly.

Too few of us try the old, soft Lychnis [redacted] oculata, whose white flowers have the prettiest pink eye which fades with age. Anyone can grow this easy perennial which will split *rapidly into dozens* and will thrive in any sunny garden, however small, or in gaps between [redacted] Like the rest [redacted] family, it [redacted] sunshine, but the lower leaves will turn brown if it is constantly dry. It flowers for a month and a half. It was popular in the period which historians call early modern, but it is oddly unpopular nowadays, in what [redacted] of as a dark age.

It is amazing how quickly the [redacted] between ambitious self-improvers and old gardens which rest on their laurels and hollies. My crowning memory of early June is a mischievous visit to Hidcote, between the bedding seasons *at this famous Warwickshire* garden in the National Trust.

I was [redacted] the [redacted] was free [redacted] did [redacted] usual £4.80. In early June, what was there, apart from the old hedges and some gorgeous [redacted] meconopsis?

Does anyone else grow a dusky pink Weigela called Conquete? The family is full of *good shrubs, but many of* [redacted] have flowers which are too sombre to show up well among the leaves. This one is much brighter: is it alive and available in what sounds like its native France or can we not reintroduce it from Hidcote's stocks?

Meanwhile, you [redacted] compensate by hunting for some lesser-known old variety in the lists of Peter Beales or David [redacted] This year, [redacted] on my rotten soil for roses, the surprise [redacted] been the rose-purple Ardoisse de Lyon. I love to think that these fine varieties have been totally forgotten in the France which first bred them. In England, we will soon be calling them heritage and *making it impossible for any of* them to go out of fashion.

Motoring

Why diesels score well for value

***Stuart Marshall** on the latest car league tables*

If the results of two recent surveys are anything [redacted] go by, the diesel car boom in Britain still has a long way to go.

Fleet Management Services, which runs many thousands of cars on behalf of companies, puts diesel cars in four of the top five places in its "best value" league table. And although only 10 per cent of the 63,032 car owners who responded to a nationwide survey for Volkswagen GB currently run diesels, almost 30 per cent said they would buy one next time.

Most people know by now that diesel cars save a lot of fuel, especially if they spend a *fair amount of time in heavy* traffic. Naturally, fleet operators welcome lower fuel consumption. But the bottom line [redacted] what a [redacted] will be worth at four years [redacted] with [redacted],000 miles ([redacted]000km) on [redacted] clock.

Using a five-year computer forecasting model, which [redacted] accurately predicted falling residual values in the recession, FMS discovered that four of the five best value fleet cars in Britain were [redacted]. First was the Citroën ZX 1.9D Reflex [redacted] *total running costs* – purchase price, funding, fuel, maintenance and depreciation – of 18.84 pence per mile.

Second best was the Vauxhall [redacted] 1.7 D Merit 5-door (19.16p per mile), followed by the Renault 19 1.4 RL Prima 5-door (19.3p and the [redacted] rol car in the five), Rover [redacted] D 5-door (19.99p) and Ford Escort 1.8 D 5-door (20.05p).

Total running costs [redacted] four years and 80,000 miles ranged from £15,072 (£3,768 pa) for the Citroën to £16,040 (£4,010 pa) for the Ford. The Astra cost £15,328 (£3,832), the Renault *£15,440 (£3,860) and* the Rover, £15,992 (£3,998).

The most important single *factor in running costs is* [redacted] quickly the car's value depreciates. This is something many private buyers, while agonising over dealer discounts and fuel consumption, tend to ignore. Cheapest of the five to buy was the Renault (£8,695 recommended retail) and the dearest, the Rover at £10,205. Other prices were: Citroën ZX £9,345; Escort £9,800; Astra £9,995. The Astra was the cheapest to maintain, the Rover the dearest, but the difference this made to overall running costs was marginal.

The idea of VW GB's survey was to find out what people expected from the new cars

Some company car users are trading down to smaller models

they would buy over [redacted] 10 or 20 years. Apart from [redacted]sel economy, occupant protection and vehicle security were main concerns.

Perhaps surprisingly, most of the emphasis was on passive safety – mitigating the effects of a crash – and not on active *safety* features that might help a driver to avoid having a collision at all. Almost 80 per cent wanted air-bags and a crash-activated switch to cut off the fuel pump.

Speed limiters were demanded by fewer than [redacted] per cent, [redacted] tell [redacted] they are travelling too close to the vehicle in front by about 50 per cent.

Some company [redacted], with tax saving in mind, have started trading down to smaller, cheaper [redacted] the trend among retail buyers may be the [redacted] way. They could be going for larger, more practical cars; more than 20 per cent said they would prefer an estate as household transport.

Increasing car crime put car security high on the agenda. Nine in 10 of those surveyed wanted an engine immobiliser as standard equipment; 65 per cent opted for a computerised tracking device (already offered as an extra by BMW and Saab) to locate a car after it had been stolen.

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Next week, the two-month consultation period on Ministry of Transport proposals to ban coaches from the outside lane of three-lane motorways ends. Under a European Commission directive, all coaches will be speed-limited to 65mph/105kph from 1996; at the moment, they must not exceed 70mph, but many often do.

Most motorists would be delighted to see them banned from the third lane – the sooner the better. For good measure, heavy lorries (already limited in theory if not always in practice to 60mph/97kph) should be kept out of both of the outer lanes of the M25 and other motorways that have been converted to four lanes.

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Saab and Volvo already have rear centre armrests that double as child safety seats. BMW plans to go further and will offer, probably next year, integrated (but easily removable) [redacted] seats, adjustable for children between nine months and 12 [redacted] They have foot rests, to stop the backs of the front seats from being kicked, and side supports to prevent sleeping heads from lolling uncomfortably. Other ideas BMW has for the family car are fold-out tables with low-line reading lights, that will not reflect in the windscreen, and storage boxes. These can also be plugged into the electrical system to cool drinks or warm babies' bottles.

INTERNATIONAL PROPERTY

MOTORS

Lunch with the FT

Rational choice on the menu

***Christina Lamb** asks Gary Becker about his theories on everyday life*

There is something disconcerting [redacted] having lunch with a man who can explain your menu selection in terms [redacted] rational economic choice. [redacted] thought mere whim [redacted] decided my choice [redacted] the exotic-sounding fettucine with sea scallops. But not according to Gary Becker.

[redacted] soft-spoken, 63-year-old professor from the University [redacted] Chicago pioneered the application of economic theory to everyday life. For the past 40 [redacted], while jeering colleagues concentrated on lofty matters [redacted] as [redacted] policy [redacted] [redacted] behaviour, Becker [redacted] devoted himself to devising economic [redacted] for why [redacted] fall in (or out of) love, [redacted] depressed, commit crimes, [redacted] drug [redacted] or buy [redacted] cars.

He [redacted] vindicated when he [redacted] a surprise winner of the 1992 Nobel prize [redacted] economics. His [redacted] work, on the formation [redacted] preferences, [redacted] explain why [redacted] like me would [redacted] fettucine with [redacted] scallops.

[redacted] sitting in Printer's Row, [redacted] yuppyish [redacted] in [redacted] part [redacted] downtown Chicago. Actually, with [redacted] inoffensive [redacted] and [redacted] decor, [redacted] from Lyons, [redacted] violin [redacted] on the sound [redacted] and [redacted] absence of scowling gangsters, [redacted] could have been anywhere. Initially, [redacted] had [redacted] the university faculty [redacted] – but [redacted] changed his mind, concerned perhaps [redacted] this [redacted] seem unimaginative.

[redacted] start with [redacted] ragout of wild mushrooms, after which [redacted] day's special: grilled [redacted] with a colourful array [redacted] oriental vegetables. Recalling that Becker had written: "Every death [redacted] some [redacted] a suicide" – that is, we are responsible partly for when [redacted] die through [redacted] and drinks we ingest – I took defiant enjoyment in ordering a crisp Californian Chardonnay. He [redacted] to mineral water and tried [redacted] rationalise my [redacted] for sea scallops.

"Like the Freudians, I stress early childhood," he explained. [redacted] given growing up and how that [redacted] your later preferences. Peer pressure is also important – maybe it was 'in' in your group in England to like shellfish. By eating scallops regularly [redacted] keep up, and [redacted] raise, your taste for scallops."

[redacted] that [redacted]" I [redacted], incredulously.

From [redacted] resigned smile [redacted] answered, I [redacted] was [redacted] this question. "My [redacted] more than [redacted] prices or inflation. It's a way of thinking [redacted] is not confined [redacted] material things."

[redacted] originally [redacted] a sociologist but [redacted] "too hard". [redacted] a graduate economist, [redacted] potential for applying [redacted] rigorous [redacted] problems. [redacted] insight: [redacted] people [redacted] rationally most [redacted] time.

I [redacted] nothing [redacted] than common [redacted] Becker liked that. "I take [redacted] as [redacted] compliment. [redacted] approach [redacted] on common [redacted] – [redacted] you [redacted] analysis from there, which may give [redacted] surprising [redacted].

[redacted] divorce, for example. [redacted] people think rich people [redacted] likely to divorce than [redacted] people. In fact, it's the opposite. My theory explains [redacted] what matters [redacted] the [redacted] from staying married.

"In [redacted] family with the husband unemployed, hanging around, [redacted] she's [redacted] off throwing [redacted] bum out. The [redacted] family [redacted] much more [redacted] of marriage. The wife [redacted] contributing – [redacted] not in income, then in providing [redacted] good home. So, [redacted]

[redacted] married."

[redacted] romantic, I [redacted] dispassionate analysis; Becker, [redacted] all, [redacted] a [redacted] "But [redacted] in love. Surely [redacted] can't [redacted] explained by equations?"

He was ready [redacted] "Rational [redacted] handle that. I can't [redacted] individual A is going [redacted] fall in [redacted] B or C, but I [redacted] why people tend [redacted] marry people [redacted] similarity in [redacted] background, education etc. Moreover, why [redacted] love [redacted] I don't deny [redacted] people fall in love, I try [redacted] incorporate it." (L represents [redacted] in [redacted] equations.)

I was not [redacted] give [redacted] so easily. "How do you explain people falling in love with the 'wrong' person? If we are concerned only with behaving rationally, why would we ever get involved in difficult relationships like inter-racial marriage?"

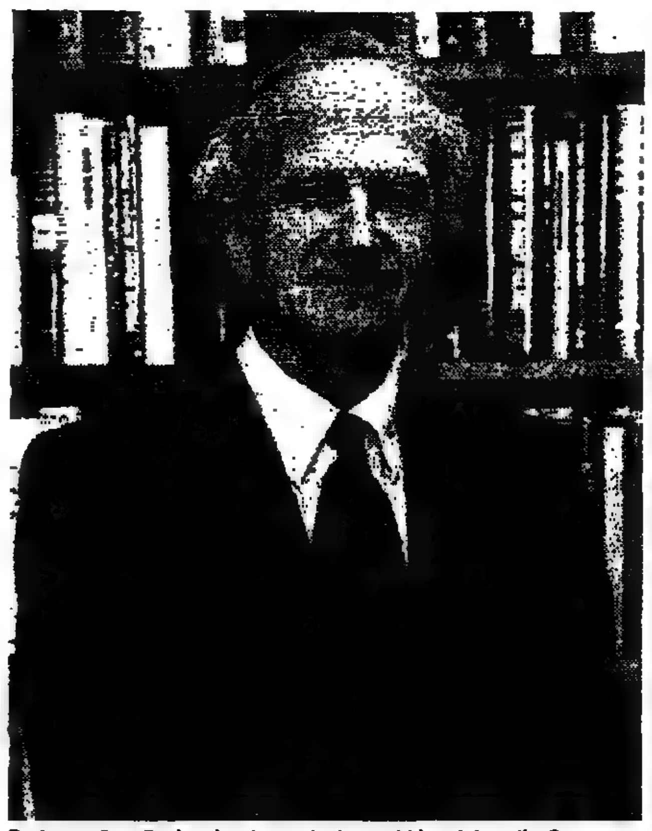
"Well," [redacted] replied, "that's where love [redacted] in. But [redacted] why [redacted] marriages [redacted] such an unusually high divorce [redacted] behaviour [redacted] out mistakes."

The sea scallops were no more and I felt I was not getting through to this endearing figure with the domed forehead and detached expression. So, I tried a new tack: "What about public figures indulging in extra-marital affairs? How could it be rational for someone like [President] Clinton to risk jeopardising a successful career for a one-night stand?"

"I don't [redacted] understanding that," he replied. "The opportunities you're exposed to in a powerful position are enormous, while the risks of being caught are very low ... My bet is that for everyone brought down, there are a lot who have no trouble at all. Now it's becoming much more risky, I think it will decrease."

Frustrated by the range of human behaviour that fits into Becker's rational choice models, I asked if nothing was sacred. "Say I decide to squander my pay cheque on a Donna Karan dress, leaving me with no money to live on?"

Laughing, he said: "I have a paper on that. Why do some women want a Chanel suit when they can buy something that looks the same for a sixth of the price? The fact that they know they're wearing a Chanel



Professor Gary Becker: has he made the world less interesting?

[redacted] important thing [redacted] them. That's perfectly [redacted]nal."

"Sounds irrational [redacted] me," I said.

"Now you're being too much of an economist," he replied. "I fight with my colleagues about this the whole time. Who's to say that the only reason you wear a suit is because it covers your body? What you're wearing is conveying something to the outside world about you as a person, your choices, what you belong to, how successful you are. It's perfectly rational to be interested in that."

I wondered if he could go round the entire restaurant and explain, in terms of rational choice, everything people were eating and wearing, and the relationships they were having. "That's not my goal. My goal is to try to understand the phenomena of people falling in love, buying Chanel suits or designer jeans. There are a lot of things we can't yet understand through this approach, such as religion or war, though [redacted] may be a [redacted] time."

Over coffee, I ventured [redacted] inquire if the Nobel prize-[redacted] him into [redacted] little irrational spending. "Well, [redacted] wasn't so much [redacted] was [redacted] $1.2m [redacted] immediately [redacted] devalued, so I [redacted] up with $700,000 [redacted]

"We've done some [redacted] things, [redacted] house, acquired [redacted] place on Cape [redacted] But we [redacted] a five-year-[redacted] Audi. [redacted] irrational thing [redacted] been [redacted] spent it."

"But surely [redacted] fun?" I [redacted]

The [redacted] bill [redacted] question hanging. [redacted] gentleman, [redacted] pay before deciding [redacted] rational to [redacted] FT pick up [redacted]

A [redacted] man, [redacted] suddenly [redacted] world [redacted] interesting.

[redacted] I changed my mind [redacted] splurging [redacted] sive jacket for [redacted] it might indeed [redacted] rational act.

The Nature of Things

Evolution of long-running cereals

***Clive Cookson** on the genetic engineering of crops that could [redacted] the world*

The last of the dinosaurs grazed [redacted] a primeval [redacted] which has since evolved over 65m years into thousands of different species, including the cereal crops which together account for more than half the food eaten by mankind.

Today, the different cereals vary enormously in their overall genetic characteristics. At one extreme is wheat, with a [redacted] amount [redacted] genetic material – [redacted] times more DNA than [redacted] human being – divided [redacted] 21 giant chromo[redacted] At the other [redacted] rice, which has [redacted] tiny chromo[redacted] and only three [redacted] cent [redacted] much DNA as wheat. In between [redacted] maize, sorghum and millet.

Research over the past two years has shown, however, that the genes themselves are remarkably similar in wheat, rice and all other cereals – and they are arranged in exactly the same sequence in each species. In wheat (and barley and rye) the genes are interspersed with long repetitive stretches of "junk DNA", whereas in rice there is little of this apparently superfluous DNA which does not control the plant's growth and development.

This surprising discovery, by Mike Gale, Graham Moore and colleagues at Britain's John Innes Centre in Norwich, working with the Japanese Rice Genome Research Programme, has huge implications for cereal breeding. It means that breeders, who have traditionally studied each species separately, [redacted] pool information [redacted] come [redacted] with [redacted] common genetic [redacted] applies [redacted] all [redacted] and [redacted]als.

Once [redacted] for important characteristics – [redacted] example those conferring [redacted] heat or cold, [redacted] or drought – are identified in [redacted] cereal, they can be inserted into another, [redacted] rapidly developing technology of genetic engineering.

Rice will become the main focus of genetic research in cereals, because its genome is so much smaller and therefore easier to manipulate than the other species. (Genome is a useful technical term, meaning all the genetic material in a species, including the functioning genes, control regions that switch them on and off, and all the junk DNA in between.) Rice can be used as a general tool to isolate genes from any cereal crop.

"We will be using rice as a bridge for research on wheat," says Dick Flavell, director of the John Innes Centre. "If I had stood up a few years ago as head of a British research institute and said we needed to invest in rice research, people would have thought I was bonkers. But we do need to."

The latest developments are good news for Japan, which had already decided to focus its agricultural genetics [redacted] rice. The government-funded [redacted] Genome [redacted] Programme, [redacted] now half way through the task of discovering the precise chemical sequence of the estimated [redacted] rice [redacted] Fortunately for the rest of the world, the Japanese seem to be publishing their [redacted] quickly and openly, rather than restricting access or patenting them.

At the same time, plant sci[redacted] worldwide are making rapid progress in developing the genetic engineering technology [redacted] will [redacted] required to make practical use of the newly discovered genes.

The 1980s [redacted] a frustrating [redacted] the technique [redacted] to transfer genes to other plants – infecting them with bacteria which carried in the new DNA – did not work in [redacted] But it [redacted] turned out during the 1990s that [redacted] brutally direct [redacted] of inserting [redacted] – coating thousands of microscopic gold [redacted] with DNA and firing them into plant cells – is highly [redacted]

And [redacted] British [redacted] company, announced [redacted] with an extraordinarily simple method: the [redacted] full [redacted] water, plant cells, DNA and tiny crystals of [redacted] common chemical called silicon [redacted] The crystals (known [redacted] kers) punch [redacted] in [redacted] cells through which foreign [redacted]

The first field [redacted] of genetically engineered wheat, [redacted] and [redacted] getting [redacted] way. Easily traced "marker genes" [redacted] been [redacted] plants; they [redacted] confer commercially valu[redacted] but [redacted] used [redacted] analysis. In Cambridgeshire, [redacted] example, [redacted] growing [redacted] types of wheat this summer: one has a red pigment gene taken from wild Peruvian maize and the other produces a bacterial enzyme that can be detected in simple tests.

In [redacted] laboratory, meanwhile, researchers are beginning experiments to transfer [redacted] that [redacted] ally [redacted] Institute of Arable Crops Research in the UK has a project, for instance, to give wheat more genes for gluten proteins, to enhance its bread-making properties.

Another early [redacted] might be the genes that control the movement of nitrate across cell membranes. Their enhancement could help wheat to use nutrients more efficiently. If [redacted] farmers could cut the amount [redacted] spread on their fields.

In the longer run, [redacted] potentially huge scope for genetic engineering of all cereals to make them more resistant to attack by pests and diseases and to withstand adverse weather. But as Paul Lazzeri of the IACR's Rothamsted Experimental Station points out: "In parallel with the research, we have [redacted] the question [redacted] the public acceptance [redacted] genetic engineering [redacted] food."

[redacted] world will [redacted] accept genetically engineered cereals. On current projections, twice as much [redacted] and rice will [redacted] to [redacted] produced during the [redacted] 50 years as in [redacted] 10,000. Although improved agronomy can make a contribution, the only real hope [redacted] feeding the [redacted] human population without catastrophic environmental dam[redacted] lies in applying [redacted]

Carving a niche for themselves

***Susan Moore** compares the careers of three craftsmen*

The contrasting [redacted] of three graduates of [redacted] City [redacted] of London Art [redacted] that the late [redacted] century [redacted] appreciative of [redacted]tional [redacted] of the [redacted] wood [redacted] letterer if they belong to [redacted] "artist" rather [redacted] craftsman.

Tim Metcalfe [redacted] ing [redacted] raking knurl – a rope twist [redacted] and me – out of a piece of [redacted] surrounding the clock face [redacted] George Gilbert Scott's [redacted] Pan[redacted] Hotel. His clock [redacted] perch [redacted] from the ground, the station forecourt [redacted] hoist, a leap [redacted] a balcony, [redacted] several ladders away.

For Metcalfe, replacing [redacted] corroded stone and extending the straightforward original design [redacted] bread and butter work, "but best quality [redacted] butter".

As [redacted] snakes-and-[redacted] route [redacted] the scaffolding [redacted] this grand Gothic Revival façade, Metcalfe pointed [redacted] the unorthodox combination of sandstone and limestone, the craftsmanship [redacted] richness of the ornament – even in places not destined [redacted] eyes of man.

[redacted] raises [redacted] above the sandblasting and the roar [redacted] the traffic, and pauses at the occasional thunderclap of rubble emptied down the disposal chute. It is wet and cold, but clearly there [redacted] no place [redacted] would rather be.

Metcalfe, a boyish 18, [redacted] stone carving fairly late. Resisting parental pressure to [redacted] a solicitor after public school he tried his [redacted] things during [redacted] escapist stint in [redacted] – undertaker's assistant, prawn trawling, [redacted] mining, sapphire digging. [redacted] only [redacted] work outdoors with his hands, and hopefully with his brain. In [redacted] he [redacted] carvers [redacted] on [redacted] door, [redacted] that [redacted] he wanted to do.

[redacted] find [redacted] apprenticeship when he returned to England, [redacted] enrolled on the newly revived stone carving [redacted] the City [redacted] Guilds Art School in Kennington, south London. "It [redacted] my salvation," he claims. "It was the first time in my life [redacted] I found something that I [redacted] do. There was – and [redacted] – no greater thrill than whacking into a piece [redacted] stone."

On graduating in [redacted] he was [redacted] on [redacted] Arthur Ayres's assistant [redacted] Westminster Abbey. [redacted] spent [redacted] years working on [redacted] north front carving [redacted] or [redacted] figures and surveying and securing [redacted] monuments [redacted]

[redacted] still [redacted] off [redacted] on. His [redacted] hand-to-mouth existence. Maintaining a steady [redacted] of work is nearly impossible and lean periods are not [redacted] Even at St [redacted] he [redacted] the [redacted] work is not continuous.

The demise of [redacted] ancient and venerable craft [redacted] him. [redacted] knell the breakdown of the apprenticeship system and [redacted] birth of Modernist architecture. Metcalfe is only [redacted] will never begin [redacted] match Ayres'

[redacted] an [redacted] in building [redacted] stone: Tim Metcalfe carving a gryphon at St Pancras

experience or knowledge – [redacted] it on. "Unless [redacted] are very careful, these skills will not exist in 20 or 30 years," he muses.

As it is, building [redacted] increasingly [redacted] cheap, unskil[redacted] labour [redacted] projects. [redacted] last [redacted] yard in London closed in May. For the first time in over 1,000 [redacted] no London yard cutting, shaping [redacted] carving [redacted] "We [redacted] all waiting [redacted] an [redacted] in building in stone," Metcalfe smiles, "and for a [redacted] joyful expression in architecture."

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Tim [redacted] was Alec Peever's contemporary [redacted] Kennington. Peever, [redacted], is a [redacted] cutter and sculptor working in partnership with [redacted] Fiona, his [redacted] apprentice. Seven years ago they exchanged their south London [redacted] a former milking shed in the Cotswolds. It [redacted] a rural idyll, [redacted] Peever may sport a Hollywood-casting craftsman's [redacted] but his is no country [redacted] operation.

Peever had [redacted] various jobs but [redacted] always irritated that he [redacted] doing anything he enjoyed. [redacted] had always [redacted] the [redacted] his mind [redacted] he would like to be a sign painter but everyone had [redacted] "You [redacted] grammar school education, you can't possibly work with your hands."

He [redacted] into [redacted] City & Guilds without [redacted] portfolio. His tutor, the German type designer Berthold Wolpe, enveloped them with [redacted] passion for [redacted] subject. [redacted] he left he had learned [redacted] carve in stone [redacted] rudimentary level.

As assistant [redacted] the letter carver Richard Kindersley, Peever learnt to carve professionally, and after a year was itching to start on his own.

He advertised and took anything he was offered, painting signs for pet shops and garages. It was a rough [redacted] ready training.

[redacted] had [redacted] persuade people to commission stone lettering. Now, thanks to an increasing awareness of the medium, they are offered an unexpectedly wide range of commissions, from carved titles for TV series and slates cut with poetry for gardens, to pure sculpture.

[redacted] invention [redacted] than the execution [redacted] excites. Asked to make a lettering frieze above the tomb of Catherine of Aragon in Peterborough Cathedral, Peever persuaded the authorities to allow him to cast a free-standing frieze from clay and then gild it. Asked to make a commemorative tablet marking the opening of a new primary school, he designed something the children could leapfrog over.

Says Peever: "This job has always had to pay the rent, and latterly pay the mortgage and run two cars." The business averages 50 commissions [redacted] year and a turnover of [redacted]

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At 27, Alex Jones is at the start of his career. He works from the Victorian greenhouse of his parents' Queen Anne house near Winchester, Hampshire, surrounded by geraniums and figs, and ineffectually shaded by a gnarled vine. He works outside on [redacted] when [redacted] hot, [redacted] 50 [redacted] on [redacted] bench [redacted] a surgeon's [redacted]

[redacted] took a City & [redacted] wood carving course [redacted] working for a [redacted] London's King's Road. After [redacted] extra [redacted] there – "without apprenticeships [redacted] days [redacted] impossible [redacted] get the really high [redacted] you go into [redacted] marketplace" – and another working with Peter Thurin, a traditional woodcarver, [redacted] launched [redacted] his [redacted]

An [redacted] a [redacted] coat-of-arms in *Interiors* gained him a string [redacted] in the area of interior decoration – cupid coronas [redacted] beds, furniture and mirror frames. [redacted] careful drawings for projects but then [redacted] them [redacted] work unprepared, like [redacted] carver. "I feel the carving is [redacted] I like to solve the problems as I go along. It's like going on a journey."

Jones is [redacted] of utilitarian furniture. [redacted] of his [redacted] the form [redacted] an [redacted] tree, its table-top [redacted] with carved references [redacted] the life of [redacted] owner – a watering [redacted] a pheasant, wellies. A mirror takes the form [redacted] *l'oeil* theatre, his patrons portrayed sitting in [redacted] box, their coats of arms carved above the stage. The [redacted] a chair made for an American advertising executive incorporates [redacted] New York skyline with an aeroplane circling [redacted] Chrysler building.

While [redacted] of work, he does have difficulty making money. Each commission and [redacted] materials [redacted] and require [redacted]ent skills. He has had to [redacted] think his approach and is taking on [redacted] traditionally trained wood carver to help him improve, to speed up his [redacted] ing and [redacted] shoulder the bulk of it while [redacted] on design. He [redacted] a new [redacted] for [redacted] work he does: thanks in large part to Lord Linley, saying one's son is a craftsman no longer sends shock waves around a cocktail party.

■ *Tim Metcalfe can be contacted on 081-769 4594; Alec & Fiona Peever 0993-868012; Alex Jones 0962-712169. Work by this year's graduates of the City & Guilds is on show at the art school, entrance via the blue door in Cleaver Square SE11, until Monday*

TRAVEL

Myth and reality of the Rio Grande

Nicholas Woodsworth hangs out on the US-Mexican border

Boca Chica. In my imagination the Rio Grande has always loomed large and wide, a substantial expression of the frontier and all that is heroically American. But what is true of the country's favourite sweet and sticky soft-drink is also true of the river – the real thing is never as impressive as the myth that surrounds it.

Here, at its mouth on the Gulf of Mexico, more than 1,500 miles from its source, the Rio Grande is no mighty river. Shallow, muddy and sluggish, it is barely more than 15 yards across. Standing on its crumbling banks, I felt deceived. Life on the border is not quite the old west romance you might think. It is, in fact, far more more curious and compelling than that.

On the other side, a line of rusty pick-up trucks was parked on the beach and a dozen cowboy-hatted Mexicans were spending a sunny Saturday morning fishing. Seagulls screamed overhead and excited Latin rhythms floated on the mild winter air from truck radios.

On the beach, one of the Mexicans threw a metal grill over a fire of broken fruit crates. Another, all whiskers and paunch, stripped to his bright green boxer shorts. Wading gingerly into the river, he began casting a circular throw-net for the whiting that come to the river's mouth at low tide.

His casting was interrupted by the approach of a small motor boat from up-river. It cut cross-stream and nosed into the Mexican shore. A woman climbed out of one of the trucks, hopped into the boat, and in 30 seconds was ferried to the American side. Jumping into a waiting vehicle, she disappeared down the flat sand beach towards the main road and the city of Brownsville, half-an-hour away.

"Just one more $50-a-week cleaning lady," said Jesse, the young Chicano I had been chatting to, as he cast a baited hook into the stream. "No work papers, no resident's card, no minimum wage."

Jesse has no such worries. Hispanic by blood but American by birth, he is of two minds about the country across the river. He is a product of *la frontera*, and tied to the strongly-flavoured, hybrid border culture that has grown up along the Rio Grande. He is as "Tex-Mex" as tacos and enchiladas, or as Radio Caliente, the local station which serves rapid-fire bilingual *chit-chat* and *conjunto*, the Anglo-Hispanic accordion music of the border.

But Mexico itself appeals little: Jesse knows that if Mexicans are willing to take up exploited, illegal lives in the US for $50 a week, it is because life at home is harder still.

Did he himself often cross the border to Matamoros, I asked? "Not much. Liquor is cheaper there. But there's too much hustling – stolen cars, hookers, drugs, phoney documents, smuggling, scams of all kinds. There are some real bad guys over there. Last time they took my money."

Who were "they", I asked. Street toughs? No, he said, laughing. The police. For most, life on the border is rarely fair or easy.

□ *Matamoros.* An air of shabbiness, poverty, and impermanence hangs over the Rio Grande, especially here in the seamy bars and billiard halls, the dog tracks and strip joints, the pawn shops and gun stores. On both sides of the border you will find people and services providing for and exploiting human need. Americans cross the border in search of exoticism and surreptitious pleasures. Most Mexicans seem happy to find rough survival on the other side.

Essentially, this is no man's land. Trust and familiarity are foreign here – shop windows are grilled, fences abound, "No Loitering" signs hang in parking lots and gas stations. Few outsiders linger along the underbelly of the US. Most feel a strong sense of place here, but little sense of belonging. If the border belongs to anyone, it is to the anonymous transients who stream over it.

The international crossing points over the Rio Grande are a travel bargain. Where else on earth can you pay 25 cents and in seconds walk from a society of high-tech mass-consumption to third world neglect and deprivation? It is along the Rio Grande that the techtonic plates of the north-south divide run edge to edge.

But in spite of the cracked pavements, the cheap blankets and tourist trinkets, the sleazy come-ons to buy marijuana or half-an-hour with a young girl, there is something refreshing about Mexican towns on the Rio Grande. They have a heart.

On the US side, community life has largely disappeared from downtown pavements. If it exists anywhere, it is in freeway shopping malls and fast food places out on the urban peripheries – there are times when America's soul seems approachable only by car.

Mexican life, though, is immediately accessible. In Matamoros there were mobile vendors and shoe-shine boys, blind musicians and sellers of lottery tickets, squeezers of fruit juice and pavement grillers of skewered lamb. There were crowded markets and city squares graced by orange trees and bandstands of ornate wrought iron work. Whole families promenaded, entire armies of men chatted the day away. Shopping malls may be more efficient, but I will take the streets of Matamoros any day.

□ *The lower Rio Grande Valley.* I spent a morning in a trailer park with Barbara and Archie Dick. If they make the only decent cup of tea in the whole valley, it is because they have not forgotten their native Glasgow. They had driven down from the frozen wastes of Ontario, where they now live, for some winter sunshine. But was it really worth it, I wondered?

Not long ago the valley's wealth came largely from the market gardens and fruit orchards, sugar cane and cotton fields worked and harvested by Chicano and Mexican immigrant labour. These days, it is the fast-growing retirement industry that fills the roadside fields the length of the lower valley.

I do not begrudge retired people their place in the sun, their health and leisure centres, their golf carts and woodworking classes, their social evenings that have turned the valley into the square-dancing capital of the world.

But I did have difficulties with their 80,000 "RVs" – recreational vehicles – and the more than 500 monstrous "RV parks" that blot the landscape here. RVs – great blocks of lumbering, wheeled real estate that permit the transfer of ghastly suburbs from one part of the country to the other – may one day take over the US. When I left the valley to follow the river up to Big Bend, I counted a convoy of eight 55-ft monsters from Quebec pulling out behind me, a lost tribe seeking its destiny in the desert.

□ *Laredo.* Saturday night in downtown Laredo, on the US side of the border, is deader than it ever was when this was a dung-spattered frontier town. I spent the early evening at my motel off Interstate 35 drinking beer with a crowd of over-nighting truck-drivers. We sat out in the parking lot in front of a plastic garbage can filled with ice and bottles of Bud, and told dirty jokes. I have long known that truck drivers are the folk heroes of modern America. Now I am trying to figure out why.

□ *Nuevo Laredo.* Where do all the hip cowboys in Laredo head on a Saturday night? Answer: Nuevo Laredo on the other side of the Rio Grande. Near the clubs on Plaza San Miguel, the pavements [illegible] jammed and noisy. By midni[illegible] there was car gridlock downtown, and the line to get into the OK Tijuana discotheque stretched round the corner.

There were no signs of the usual Rio Grande poverty in the OK Tijuana, none of its striking contrasts. Like the Americans in the place, the Mexicans were all young, good-looking, well-dressed and well-off. What is more, the two groups were hardly distinguishable. The Mexican city has a sizeable middle-class, and its US sister-city a mixed Anglo-Hispanic population.

□ *Big B[illegible]* Nancy Kerrigan, the Bobbitts, California earthquakes, Elvis Presley, the Cowboys vs the Bills – you can twiddle the car radio knob late at night and catch all of America's madness as the striped lines fly by, but in Big Bend country none of it will touch you.

Big Bend – a big bend in the Rio Grande – is what is left of the unspoilt frontier. It is a huge, remote, largely uninhabited tract in the Chihuahua desert, and breathtaking in its beauty. For US tourists, who still believe strongly in the idea of the frontier, its national park is a sanctuary protected from everything but tourism itself.

But even wagon trains of RVs lose themselves in this vast space, and I found a serene stretch of riverbank. On the other side, the little Mexican village of Santa Elena slumbered in the winter sunshine. There were no bridges or border posts or hustlers here, just a rowboat and a ferryman sitting on the far bank beside a burro. The ferryman dozed, the burro dozed, and I, too, settled quietly to an afternoon of dreaming. Here, at least, the river was as wide and dee[illegible] and peaceful as it has always be[illegible] in my imagination.

HOLIDAYS & TRAVEL

FASHION

Back to the future – Grecian style

***Jane Mulvagh** goes in search of ancient trinkets*

A Hellenistic gold snake bracelet, circa 3rd to 1st century BC, with a snake head terminal. Sotheby's (estimate [redacted]

The glitter of modern jewellery, yours [redacted] a king's [redacted] may have [redacted] appeal but it [redacted] to tire of its insistent brand of glamour. [redacted] relatively [redacted] jewellery from a fashionable [redacted] house can run into hundreds – sometimes thousands – [redacted] pounds, why not consider jewellery from the [redacted]

[redacted] appeal [redacted] not only in [redacted] soft, matt colouring of the gold, the simple design, [redacted] modest use of cabochon [redacted] than [redacted] stones, but [redacted] in the [redacted] that it is relatively undervalued. For a few hundred pounds you can buy an ancient Roman ring, inset with a cornelian intaglio or, for [redacted] thousand, a simple [redacted] torque.

Anna Somers Cocks, editor [redacted] The [redacted] Newspaper and former jewellery expert [redacted] Victoria [redacted] Museum, [redacted] that, historically, [redacted] collectors [redacted] in sculpture, [redacted] – jewellery lay forgotten and [redacted]

[redacted] ancient jewellery [redacted] imagination. Would [redacted] who [redacted] amethyst intaglio ring [redacted] been living [redacted] the news arrived [redacted] crucifixion [redacted] a prophet [redacted] Jesus [redacted]

Perhaps I have found the very ring [redacted] which [redacted] penned [redacted] thoughts [redacted] to his [redacted]

"May [redacted] with glad heart, and straightaway slip thee [redacted] her finger; mayst thou fit her as well as she fits me and [redacted] her finger [redacted] aptly adjusted circle!"

The pretty lemon-yellow hue of early [redacted] gold is explained by [redacted] fact [redacted] it was only about [redacted] per [redacted] pure. In [redacted] period, [redacted] used, enamel [redacted] was preferred, [redacted] put down to taste rather than lack [redacted] supply, according to [redacted] Dyfri Williams [redacted] Museum.

[redacted] Alexander [redacted] Great [redacted] up [redacted] the [redacted] Middle Eastern preference [redacted] coloured [redacted] emeralds, garnets and [redacted]thysts, [redacted] in more flamboyant, attention-seeking jewellery being made. Regional tastes, it [redacted] change much down [redacted]

In spite [redacted] the bold [redacted] some pieces, early [redacted] jewellery [redacted] remarkably light (and [redacted] brittle) [redacted] made from hammered [redacted] gold, not [redacted] or [redacted] metal.

The eye is [redacted] by the [redacted]plexity of [redacted] handwork. Minuscule [redacted] wires, made [redacted] and [redacted] a thin rod of gold, were twisted and then rolled [redacted] flat [redacted] then [redacted] ornate [redacted] filigree work.

Tiny grains [redacted] gold [redacted] heated, melted and rolled [redacted] spheres and [redacted] placed in [redacted] on a [redacted] of [redacted] gold. Many [redacted] hardly [redacted] the naked [redacted] only a microscope can reveal [redacted] exacting nature of [redacted] a craft.

On Wednesday, Christie's will be auctioning a private [redacted] jewellery [redacted] part [redacted] fine antiqui[redacted] in London. The [redacted] includes necklaces, earrings, finger rings and pendants from the [redacted] century BC [redacted] the 12th century AD.

The [redacted] day, [redacted] offering a [redacted] array [redacted] ancient jewellery.

For inspiration, the [redacted] may wish to visit the spectacular exhibition [redacted] gold at the British Museum (until October [redacted] sponsored by Cartier. There, brought together for the first time, [redacted] nearly 200 pieces of the finest [redacted] Greek jewellery from all parts of the Mediterranean.

If [redacted] decide to buy from other than reputable dealers, be warned – some [redacted] believe that up to 50 per cent of the "ancient" jewellery on the market is fake. Beginners should [redacted] prepared [redacted] make mistakes.

Dr [redacted] Ogden, who [redacted] forthcoming Christie's [redacted] and [redacted] well-regarded expert who [redacted] Cambridge Centre for Precious Metal Research, [redacted] man [redacted] verify any [redacted]

"You must [redacted] the right questions [redacted] are [redacted] and harder [redacted] detect," he [redacted] Clearly, experience counts but, as a rule, he would [redacted] "there [redacted] produced [redacted] really going [redacted] someone who [redacted] it seriously".

Forgery aside, many [redacted] trading [redacted] antiquities, arguing [redacted] grave-robbing and [redacted] destruction of archaeological [redacted] However, Dr Ogden [redacted] "Whenever there's [redacted] in anything [redacted] encour[redacted] it's a house robbery [redacted] old master, a [redacted] shed [redacted] old bike in Cambridge or [redacted] antiquities. [redacted] pieces [redacted] not going [redacted] be [redacted] buried. I see [redacted] job [redacted] trying [redacted] as much information as possible."

While he [redacted] wearing a [redacted] bracelet dating back [redacted] 700 BC, Dr Ogden [redacted] gradually changing his opinion about whether these [redacted] pieces should be [redacted] "Wearing a piece does [redacted] it and it also makes it much [redacted] to [redacted] because [redacted] lot [redacted] the evidence is on [redacted] surface; [redacted] the deposits and so [redacted] And gold [redacted] change slightly with [redacted] worn. And that [redacted] matt colour [redacted] dissipate."

However, he sees little wrong in wearing unimportant pieces and even [redacted] the knowing purchase [redacted] acknowledged fakes. "A couple [redacted] years [redacted] was a gorgeous pair [redacted] fake [redacted] earrings on the [redacted] for about £2,000. They were absolutely stunning. Even a great piece [redacted] fakery, if you know it's fake, [redacted] a bargain."

Alessandro [redacted] Vic[redacted] fakes, for instance, are highly sought-after and very collectable. [redacted] growing market, Dr Ogden's [redacted] is [redacted] by [redacted] jewellery [redacted] Recently, [redacted] centre [redacted] authenti[redacted] Chanel brooches. "At $500 or [redacted] a piece, people are bound [redacted] try and [redacted] them. It's [redacted] joke really," says Ogden.

[redacted] with [redacted] view [redacted] investing [redacted] money (in which case [redacted] and costly [redacted] can [redacted] sought), then enjoy [redacted] pieces for their [redacted] style and [redacted] possibility, [redacted] remote, [redacted] Caesar's [redacted] may have worn your brooch.

[redacted] of ancient jewellery (071 [redacted] unless indicated) [redacted]

- Christie's, London. (Tel: 839 9060 – [redacted] Hornsby).
- Sotheby's, London. (493 8080 – Felicity Nicholson).
- [redacted] Hadida, [redacted] Art. [redacted] 1864).
- Rupert Wace, 107 Jermyn Street, London [redacted] 1623).
- [redacted] Symes, 94 Jermyn Street, London SW1. (930 [redacted]
- Allegra Donn. [redacted]
- For expert verification – Jack Ogden. Tel: Cambridge [redacted]

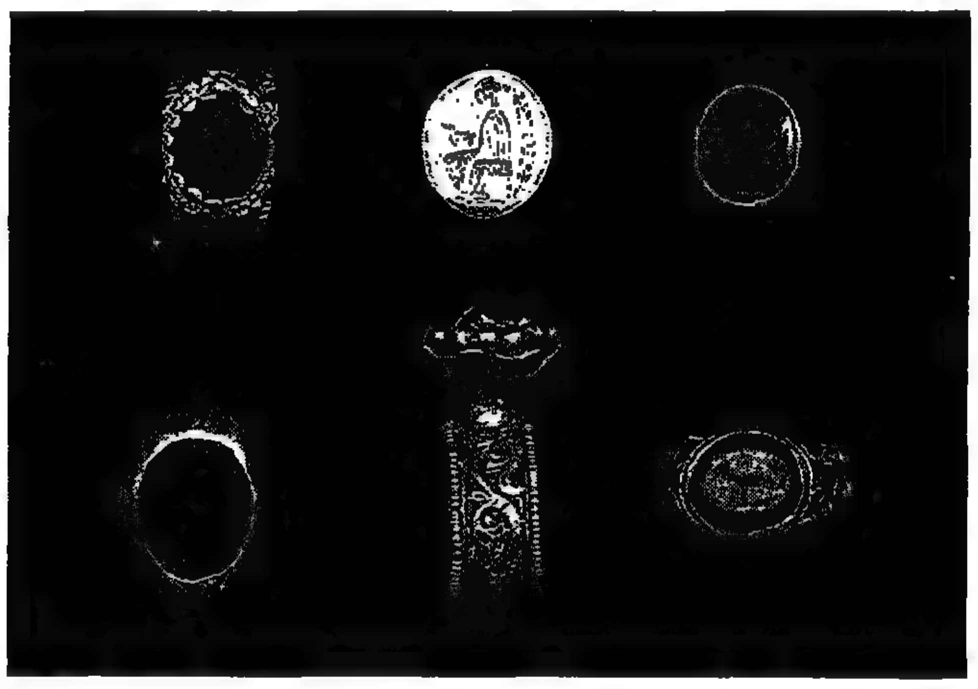
Susan Hadida, Rupert [redacted] Robin Symes, although operating [redacted] same [redacted] deal with different areas [redacted] the market. Hadida's prices [redacted] from [redacted] for [redacted] thin bronze Byz[redacted] £15,000 for an early Byzantine gold, [redacted] and mother [redacted] pearl bracelet. The atmosphere [redacted] her premises [redacted] informal. Hadida [redacted] dispel the illusion that "these things can't [redacted] touched [redacted] worn and only belong in museums".

Rupert Wace can [redacted] a Romano-British bronze and enamel brooch [redacted] between [redacted] and £1,000 or a wearable Roman intaglio ring [redacted]

The pride [redacted] his collection, which he sold to Durham Museum for £5,000, [redacted] Egyptian amethyst [redacted] gold [redacted] BC) which, in the early 19th century, had belonged [redacted] Duke [redacted] Northumberland.

Robin Symes has [redacted] dealing in antiquities since the early [redacted] and has, particularly, [redacted] collectors. You may [redacted] buy Roman earrings [redacted] £200 but, [redacted] typically, [redacted] fine [redacted] gold chain [redacted] £40,000.

ABOVE: Early Byzantine gold bracelet, (worn on ankle) set with glass and mother of [redacted], circa 5th century AD. Hadida [redacted]
Roman-Egyptian gold snake-head [redacted], circa 3rd century AD. [redacted] 317, (estimate £4,500-5,500).
Pair of silver bracelets with spirals, Roman circa 2nd century AD. Robin Symes, £3,600.
Pair of silver bracelets with animal head terminals, East Greek, circa 6th century BC. Robin Symes, £3,000.
Romano-Egyptian gold bracelet with terminals in form of Isis and Osiris, Christie's, lot 318, (estimate £4,000-£5,000).
Roman gold spiral bracelet, circa 3rd century AD. Sotheby's, lot 226 (estimate £1,200-£1,500).
Gold and glass and gold and cornelian Roman rings, Christie's, lot 351, (estimate: £1,200-£1,500).
Javanese gold ring circa 9th-10th century AD. Hadida, £950.
[redacted], garnet, [redacted] and gold [redacted] necklace, (both worn as bracelets) [redacted] 2nd-3rd century AD. [redacted] lot 308, (estimate £1,000-£1,500).



A [redacted] collection of rings dating from Phoenicia, Byzantine and ancient Rome, all in the forthcoming [redacted]

Photographer: [redacted] Massey
Stylist: [redacted] Mulvagh
Hair, make-up: [redacted]

Peter Knight and Lucia van der Post have been seeking some classy additions to the outdoor table . . .

Suggestions for the al fresco life from the Reid & Waterers' summer catalogue: from left – cast aluminium weatherproof table, £225. Twelve-inch high glass storm lantern for candlelight outside, £12.45 without base, £19.95 with base. ■ set of four scented candles in pots costs £7.95. Bentwood fruit and nut baskets, £12.95 and £9.45. ■ carrier for four bottles of wine, £24.95. Beehive-shaped candles made from beeswax, £13.95, large, £7.95, small. Finally, light the path with garden torches, each of which should burn for up to four hours, £9.95 for three. Reid & Waterers' of The Heath, 462 Staines Road, Middlesex TW4 5DS offer free copies of their summer catalogue (tel: 081-572 3229).

Grills and griddles – the simple and sublime

It has to be British – it barbecues in the rain. The new kettle-type gas barbecue from a UK company called Outdoor Chef should satisfy the growing number of northern Europeans who have developed a taste for the Mediterranean charcoal grill, writes Peter Knight.

Granted, some other barbecues can also withstand the northern drizzle too, but the Outdoor Chef has, more importantly, removed the hazard of fat flare-ups that plague most of its gas competitors.

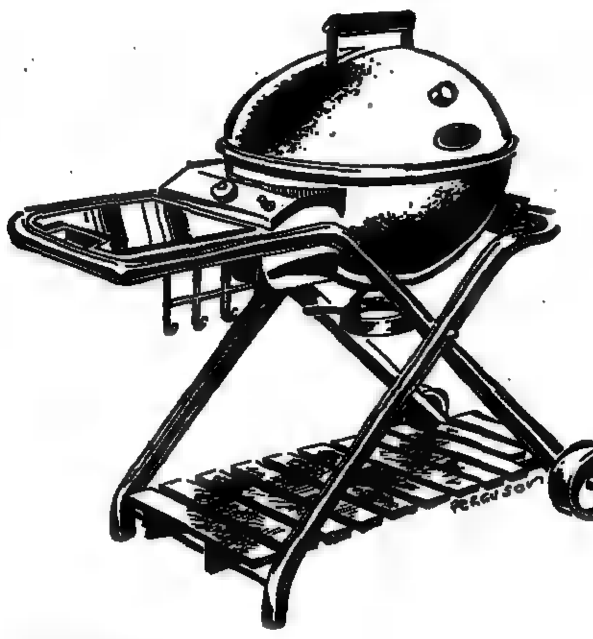
When correctly done, barbecued food is deliciously simple. You do not need any special tools – a box of matches, a few dry twigs and a piece of wire mesh will do.

That distinctive barbecue taste comes from the fat and juices dropping on to the hot coals, vaporising and rising to smoke the food above. This flavour will be further enhanced by the smoke coming from a fire made from wood – the French swear by grapevine – and can be increased by placing aromatic wood chips on charcoal while the food is cooking. But you do not need wood smoke to achieve the barbecue flavour. Good charcoal emits no smoke and that is why gas barbecues are just as good.

The secret of getting the best flavour is to expose the food to as much of its own smoke as possible (which makes it important to oil vegetables and fatless meat while grilling). The best way to ensure a good smoking is to trap the vaporised juices around the food and that is why the better barbecues have lids. The lids also trap the heat and the food cooks from above too.

Flavour, of course, is not the only factor. Some like the cinderish look and taste of flamed food and others like to get the food, especially potatoes, right on to the coals. The choice of equipment will influence the look and taste.

There are two types of barbecue. One grills the food with naked heat from beneath and, if it has a lid, from above too.



The Outdoor Chef

The other is a griddle, a slab of metal heated by gas or charcoal. Griddles are popular in Australia and South Africa and are becoming available in Europe. Aficionados prefer a grill where the juices fall on to the heat source.

Grill-type barbecues come in various forms, from the £3.99 disposable tray, pre-packed with self-igniting charcoal, to charcoal and gas-driven devices with lids, which cost anything from about £50 to £1,000.

Charcoal barbecues are cheaper than gas (fewer working parts) and give excellent results, especially if they have a lid that can capture the smoke. The price depends largely on the quality of construction and materials – important if you want the contraption to last in the garden.

Their main drawback is the hassle of handling and lighting the charcoal and then waiting for it to reach its optimum heat output. Lighting usually involves some form of petrochemical, such as a paraffin block or a fluid. This makes an unpleasant smell, the fumes are bad for the environment – banned in certain parts of the US – and can taint the food.

You can overcome the lighting problems by using a portable gas lighter or a gas blow torch. Another problem is finding good charcoal. Much of the charcoal sold in Britain is from forests in Asia and South America and is often badly made.

Good charcoal will be slightly more expensive and an increasing amount is now being made in the UK from coppiced woodland, an environmentally sound practice. Look for labels or buy only from responsible outlets such as B & Q, Do-it-All, Wickes and other members of the World Wildlife Fund 95 Group, who have pledged to supply wood products from environmentally sound sources.

Most gas barbecues are the American "coffin" type and look hideous. Until this year, unless you bought a top-of-the-range Weber – rather ugly when compared with the company's classic charcoal kettles – you would have risked the terror of flare-up when cooking fatty foods, such as chicken.

Most gas devices imitate charcoal by using a bed of lava rock heated from underneath by gas burners. The principle is the same: the hot rocks heat the food, the juices drop down and are vaporised to return as smoke.

To work effectively the lid has to be down, which concentrates the heat and confines the flavour-giving vapours. But it does not usually work like that because fatty foods – especially sausages, lamb, chicken and oily fish such as mackerel – drop so much fat that the rocks become saturated and a fire starts.

This means the lid has to be lifted and the heat reduced (either by turning down the burner or raising the food to a higher level). Both these actions reduce the efficiency of the system.

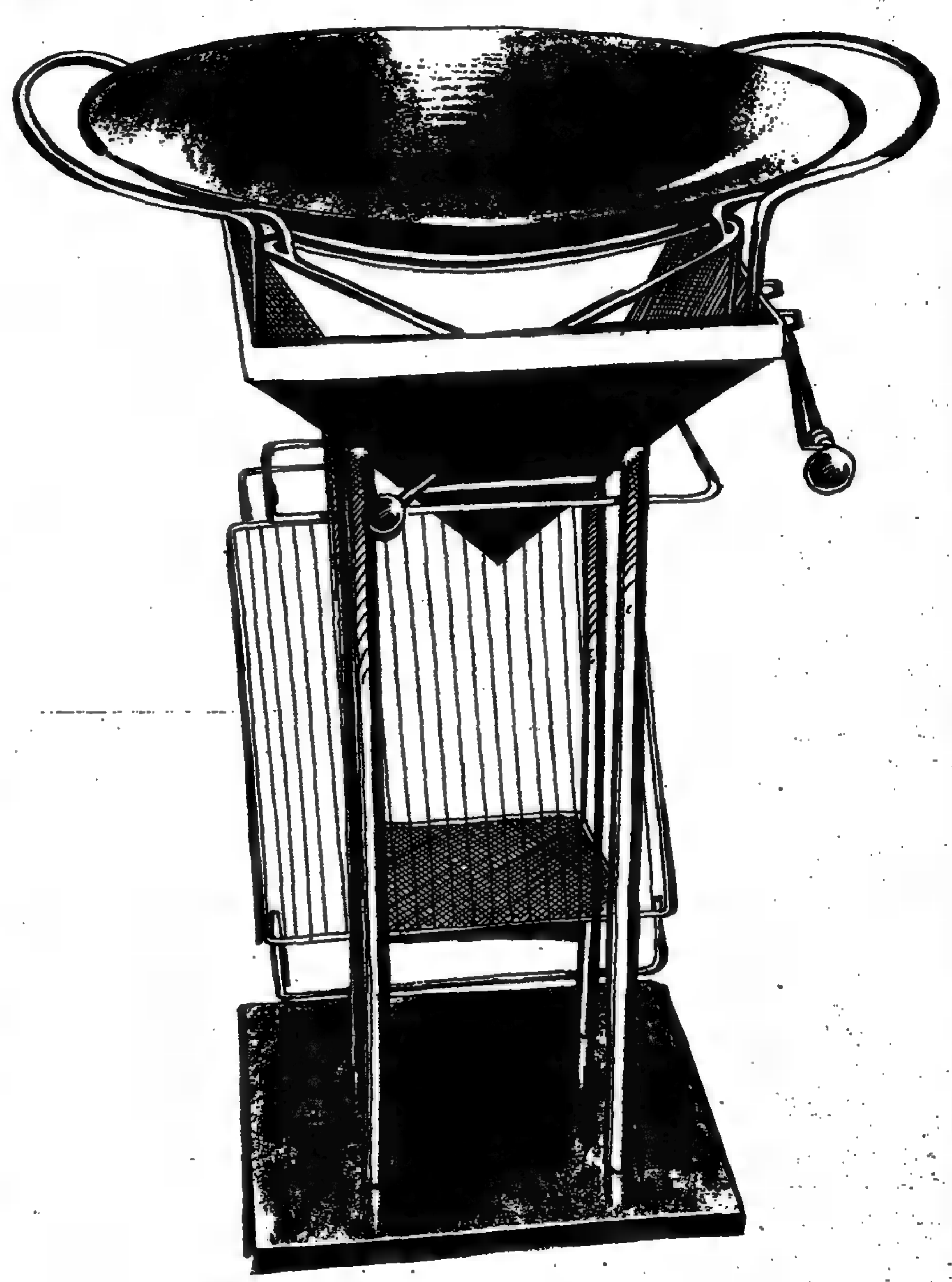
The Outdoor Chef gas kettle (£399 from good garden centres) overcomes this problem with a simple metal cone device.

The Outdoor Chef kettle can also be used to griddle, roast, stir-fry and even bake pizza. It also looks good.

The main benefit of gas, once the flare-up problem is overcome, is its ease of use – it switches on just like a cooker. This means you can cook outdoors in the winter and bring that summer taste indoors for eating. If this is your intention, make sure you use the more volatile propane rather than the common butane gas (a different regulator is needed).

But gas barbecues also have drawbacks. They are expensive to buy (although they run efficiently), they work badly in wind, the lava-rock models are prone to fat fires, most look hideous and the quality of materials is low.

If you want to cook outdoors a lot, invest in a high-quality gas model that does not suffer from fat fires, such as the Outdoor Chef or the Weber, even if this does set you back £399 or £799 respectively. Otherwise, stick to twigs and matches.



Heibi Birmann's barbecue with interchangeable wok pan

Oh, the delights of eating out-of-doors! Whether it be having a drink and snack on the patio, or heading into the hills for a full-scale picnic, eating outdoors is a quintessential English rite, says Lucia van der Post.

From Ratty and Mole, *Wind In the Willows* characters, to diarist Francis Kilvert and author Somerset Maugham, the British have always responded to the celebratory nature of outdoor food. (Remember Ratty's sublime incantation: "coldtonguecoldhambeefpickledgherkinssaladfrenchrollscressandwichespottedmeatgingerbeerlemonadesodawater" which sent Mole into ecstasies?).

In spite of often dire weather, it is a pleasure the British refuse to give up. As Georgina Battiscombe says in her book on English picnics: "A picnic is the Englishman's grand gesture, his final defiance flung in the face of fate. No climate in the world is less propitious to picnics than the climate of England yet, with a recklessness which is almost sublime, the English rush out of doors to eat a meal on every possible and impossible occasion." Quite.

Although some are satisfied with a sandwich, for others, such as the Duchesse d'Uses in Somerset Maugham's *The Razor's Edge*: "You can't have a picnic without *pâté de foie gras*."

Although one can buy sophisticated equipment for outdoor cooking, it is also possible to improvise simple barbecues. Huck and Tom Sawyer cooked up a memorable meal with just some broad oak or hickory leaves, a frying pan and some freshly-caught perch.

Keith Floyd, the peripatetic chef, in his latest book *Floyd on Italy* (Michael Joseph, £16.99, 191 pages), is photographed enjoying the most delicious of all breakfasts – freshly caught lake perch, washed and gutted, and grilled with sprigs of rosemary, lemon juice, salt and pepper with some country bread and a glass of red wine – all done on a very simple metal grid placed over an olive wood fire.

Certainly the best outdoor cooked food I have eaten required no elaborate equipment at all. On a Spanish hillside a friend used local wood, thyme and rosemary to grill fresh sardines.

Those who like the spontaneity of barbecuing need portable equipment and should go for something simple and, obviously, not too large. Graham & Green of 7 & 10 Elgin Crescent, London W11 (tel: 071-727 4594) has a very simple galvanised tin model from Greece. It would be ideal for sausages, seafood or small pieces of meat. It is light to move around, easy to clean and costs just £45.95.

For those who eat outdoors at home, and are looking for an unusual piece of barbecuing equipment, German company Heibi Birmann has produced a barbecue which has a choice of a wok pan top, and a conventional grill. Simple to use, it runs on charcoal but is special to look at: £660 from Harrods of Knightsbridge, London SW1.

A much smaller table-top piece of equipment is the Chaudier, or Table Grill, by Le Creuset, costing £89. It runs on gel fuel, which is included in the purchase price. Replacements can be bought from Le Creuset stockists.

Keep it simple: a galvanised tin model from Greece

Outside track

More ideas for eating outdoors – some for eating out at home and some more transportable, ideal for picnickers:

■ Plain ebony wooden bowls from Malawi, just wipe clean, no danger of breaking, £39.99 each – but they last forever. From the Africa Centre, 38 King Street, London WC2.

■ Galvanised metal lantern, £9 from Habitat shops – hang from trees if eating out at night.

■ Old-fashioned wire food cover, £8 and a selection of white porcelain bottles with cork stopper, ranging from £7.50 to £14.50, also from Habitat.

■ Make your own night-lights – pack old flower-pots with gravel, put a candle in the middle and you have a permanently renewable night-light.

■ A set of four stainless steel stackable cups in a good leather holder, £55 from Swaine Adeney, 185 Piccadilly, London W1.

■ Small, fold-away stool by Muji – just £7.95 from Muji shops at 26 Great Marlborough Street, London W1 and 39 Shelton Street, London WC2.

■ Divertimenti, of 45-47 Wigmore Street, London W1 and 139-141 Fulham Road, London SW3 has a summer mail order brochure (tel: 0252-861212 for a free copy) which is filled with splendid suggestions for improving life in the great outdoors.

■ Hand-held grills (ideal for turning the food and making sure it is cooked evenly. Fish-shaped holders cost about £21.50. From most ironmongers.

■ A galvanised iron bucket filled with citronella-scented wax, perfect for keeping away the midges. It measures 5in high by 5in diameter and costs £12.95.

■ For lighting the garden how about a sturdy hurricane lantern for £10.95? From good garden stores and ironmongers.

■ Mesquite chips to add flavour can be bought by mail for £3.95 a bag from Reid & Waterers, The Heath, 462 Staines Road, Middlesex TW4 5DS.

AL FRESCO LIVING

. . . while FT food and drink writers have dusted down the picnic hampers and polished the wine glasses

Where there's smoke, there's an American

Not too long ago most everything a man ate was cooked outdoors over an open fire. But, while grilling food over a smoky fire has become a relic to most civilisations, barbecuing continues to be America's greatest gustatory glory, refined over centuries by both native and new Americans.

In fact, the term barbecue comes from a Taino Indian word for a latticework grill, and true barbecue has more to do with long, [illegible] smoking than it does with merely throwing meat on a grill.

Open-pit barbecuing is still a primordial man's world in America and a lot of men will tell you barbecuing is an art form, like gear-shifting and VCR programming. Southerners, and Texans in particular, get very protective about what they consider integral to their history and they do not wish to see it compromised into a mere marketing tool.

"Down here [in Texas], barbecue is not a word, it's a cultural thing," insists Robert Del Grande, chef-owner of Houston's Cafe Annie (713-840-1111) "and you have to understand the depth of that.

"Too many chefs just throw spices on grilled meat and call it barbecue, which is like [illegible] you are doing Indian food merely by adding some curry powder to a stew."

There are dozens of barbecue contests held around the US each year. Memphis, Tennessee, which claims to be the nation's barbecue capital – an idea scoffed at by every other state – stages a no-holds barred World Champion Barbecue contest each May composed of equal parts culinary wizardry and Mardi Gras ribaldry. One competitor transformed a Japanese sedan into a barbecue cooker while challengers from Federal Express rigged up a four-foot model jet aeroplane as a smoker.

The two main forms of American barbecue are historically and geographically determined by the Mississippi River: in the east, pork is king; in the west, beef is preferred. The Indians showed settlers the basic techniques – they even barbecued a few settlers now and then – and the basting sauce ingredients, chilli peppers and tomatoes, are indigenous to the Americas.

After that regional distinctions can get positively byzantine.

In North Carolina alone there are [illegible] two principal styles of barbecued pork, which comes either in the form of ribs or as shredded butt meat (the hams) served on a hamburger bun. In the western part of the state, the basting sauce is ketchup rich and fairly sweet; in the east they favour a chilli-pepper-based [illegible] with plenty of vinegar in it.

In Texas they prefer a dry ribbed seasoning rather than sauce on beef brisket, accompanied by nothing more than sliced white bread, cold beer and a raw jalapeno chilli pepper.

Making a great American barbecue, of the kind you will find cooked up in a Quonset hut along a roadside in Alabama, is more a question of patience and ingenuity than it is of flawless technique. If you have got some form of covered, [illegible]-shaped grill and 12 hours to spend tending it, anyone can make reasonably good barbecue.

The secret is in [illegible] the food away

***John Mariani** explains the history and ritual of [illegible] of the glories of American cooking*

from the fire. That is, build a small fire of charcoal to one side of the grill, let it burn down so that there is no flame. Place some small pieces of [illegible] fruit wood soaked for an hour in water on top, then place the meat on the other side of the grill. Cover it, and [illegible] the smoke work [illegible] alchemy.

Meats may be basted, although you need not do so continuously if you intend to serve them with a good bottled barbecue sauce, which in the US have such evocative names as Mad Dog BBQ Sauce, Willingham's WHAM Sauce, J.L. Jardine's Killer Hot Texas Bar-B-Q Sauce, and Crazy Cajun All-Purpose [illegible].

Perhaps Kentucky-raised Dean Fearing, chef at the superior Mansion on Turtle Creek hotel in Dallas, and cooking at The Lanesborough Hotel, London, until Friday, explains the mystique of barbecue best: "From the first time I tasted true Texas barbecue, my fate was sealed," he says. "It was at Sonny Bryan's BBQ in Dallas, and it took me the next 10 years to achieve the kind of complex flavours really good barbecue must have. Barbecue is part cooking and part ritual, so when I die I want to have one [illegible] wrapped around a Lone Star beer, the other around a rib from Sonny's, lying face down in a pool of his sauce."

TEXAS DRY RUB SEASONING

In a mortar bowl crush together 1 tbsp black peppercorns, 1 tbsp salt, 1 tsp cayenne pepper, 1 tsp cummin, 1 tsp coriander seeds, 1 tsp dried oregano, 1 tsp dried thyme and 1 tsp dried marjoram.

When it achieves the consistency of salt and pepper, apply to meat and let stand for an hour or so before barbecuing

TEXAS WET SAUCE

In a bowl blend together 1 tsp cayenne pepper, 1 tsp dried oregano, 1 tsp dried cumin, 1 tsp salt and 1 tsp ground black pepper.

In a saucepan melt 1/4 stick of butter, then add 7 cloves of chopped garlic and 1 [illegible] large onion.

Saute until the onions become clear and the garlic begins to brown. Add ¼ cup Worcestershire Sauce, ¼ cup A-1 Steak Sauce, [illegible] cups ketchup, [illegible] cup white vinegar, [illegible] sugar, [illegible] juice [illegible] lemon. Cook until well blended, then add dry ingredients. [illegible] slowly over a [illegible] flame for at least 40 mins until reduced and [illegible]. Use as a marinade, basting [illegible] side sauce [illegible].

NORTH CAROLINA EASTERN-STYLE BARBECUE SAUCE

In a bowl combine 3 tbsp crushed red pepper flakes, 3 tbsp freshly ground pepper, 3 tbsp salt, [illegible] cup molasses, [illegible] cloves minced garlic and mash together. Add 1 quart of white vinegar and mix. Allow to stand for several hours. Use as a marinade or basting sauce for pork barbecue.

NORTH CAROLINA WESTERN-STYLE BARBECUE SAUCE

In a saucepan, melt 1 stick of butter. Add 1 chopped [illegible] 6 [illegible] garlic and saute until translucent and starting to [illegible]. Add 1 [illegible] vinegar, [illegible] cinnamon, 2 cloves, 1 tbsp dry mustard, 1 tsp chilli powder, ½ cup brown sugar and [illegible] cup ketchup. Stir together, then add 1 cup water and blend again. Bring to a boil, then lower to a simmer. Add salt and pepper to taste and remove from heat. Best used on pork shoulder.

■ For measuring purposes in these recipes, a stick of butter is four ounces and a cup is eight fluid ounces.

■ *John Mariani is author of* The Dictionary of American Food and Drink *and is food and travel correspondent for* Esquire.

Never mind the weather

*It is definitely time to eat outdoors in England, says **Philippa Davenport***

Never mind the place [illegible] the weather. Officially, it is summer, and the British are determined to eat out of doors. Any excuse will do.

This weekend, there will be strawberry [illegible] at [illegible]don, cricket teas on village [illegible], hampers at Glyndebourne – even vacuum flask and Tupperware picnics [illegible] into gratefully on windswept English beaches. Even stay-at-homes may consider lunching lightly under a tree in the garden or setting up a barbecue on the patio in the evening.

For recipe ideas, you need look no further than the latest crop of cook-books.

CRAB TART

(serves 4)

Rarely [illegible] I warm to cookbooks by [illegible] but [illegible] *Chicken & Other Stories*, by Simon Hopkinson with Lindsey Bareham (Ebury, £17.99), is irresistible: one mouth-watering page follows another. Hopkinson points out that although crab works extremely well here, other sorts of shellfish can be successful.

Ingredients: The white meat, plus a little of the brown, from a 2lb cooked cock crab; an 8in short-crust pastry case, blind-baked until cooked through; 1 small tin of Italian plum tomatoes, chopped; 2 garlic cloves, peeled and chopped; 1 bay leaf; 1 small sprig of thyme; salt and pepper; ½ pt double cream; ⅓ tsp saffron threads; 4 egg yolks.

Method: Heat the oven to 350°F/180°C (gas mark 4). Put the tomatoes, garlic, herbs and seasoning into a saucepan and reduce to a thickish sauce. Cool, remove the herbs, and spread the sauce in the bottom of the pastry case.

Warm together 3 tablespoons of the cream and the saffron and allow to steep for a few minutes. [illegible] together the

yolks and the rest of the cream and add the saffron cream. Season.

Fold the crab loosely into the custard and pour the mixture carefully into the tart case. Bake in the oven for 30 to 40 minutes or until set and pale golden-brown. Serve warm.

JAPANESE-STYLE SESAME STEAK

(serves 4)

This comes from *Simply Different*, by Sarah Woodward (Macmillan 15.99), a new (to me) young writer, keen traveller and practical cook. The recipe [illegible] not, by the author's own admission, authentic Japanese but it is quick, easy, good and suitable for grilling indoors or on a barbecue.

Ingredients: 1¼lb rump steak. For the marinade: 2 [illegible] seeds; 2 tablespoons light [illegible] preferably Japanese; 2 tablespoons dry sherry; 1 teaspoon white sugar. For the dipping sauce: 6 thin spring onions; 1in chunk of fresh ginger root; 2 tablespoons light soy sauce; the juice of half a lemon; 1 teaspoon white sugar; a few drops of Worcester sauce.

[illegible] Trim away any [illegible] and cut the meat into ½in x 2in strips. [illegible] sesame [illegible] in a dry frying pan over high [illegible] or [illegible] stirring constantly, until they start to pop. Take care they do not burn. Crush the seeds, mix with the other marinade ingredients, add the steak and [illegible] for half an hour.

To make the sauce, first chop the white part of the spring onions very finely and peel and grate the ginger finely. Mix the two together and stir in the remaining ingredients.

Heat the grill to maximum, placing a [illegible] baking tray under it. When the baking tray is very hot, add the strips of beef. Grill for two minutes, turn the meat, baste with the rest of the marinade and grill for one to two minutes more depending on how well cooked you like your steak.

Alternatively, cook the beef briefly over the glowing coals of a barbecue. Either way, [illegible] the steak as soon as [illegible] with a little bowl of dipping sauce for each [illegible].

BISSARA

Unlike her exciting first book, which was [illegible] and [illegible] with fish [illegible] game, Annie Bell's *Evergreen* (Bantam, £16.99) follows a more traditional vegetarian line. This north African [illegible] of [illegible] makes a welcome change from the well-known hummus to serve with warm pitta bread and other mezze dishes.

Ingredients: 1¼lb broad beans, preferably fresh (but frozen are perfectly adequate); [illegible] teaspoon fresh green chilli, chopped; 1 teaspoon cumin seeds, freshly ground; 1 tea-[illegible] sweet, smoky-flavoured paprika; 1 garlic clove, chopped; [illegible] tablespoons olive oil; the juice of a small lemon; extra oil, lemon and paprika to serve.

Method: Boil the beans for three to four minutes if fresh, or eight minutes if frozen. In the bowl of a food processor place the beans, chilli, cumin, paprika and garlic. Reduce to a purée, trickling in the olive oil and lemon juice. [illegible] and rub through a sieve. Serve at room temperature in a shallow dish with some olive oil trickled over the surface, [illegible] lemon juice, and a sprinkling of paprika.

I don't like this white wine but . . .

*Sauvignon Blanc does have infinite possibilities at this time of year, admits **Jancis Robinson***

I do not like Sauvignon Blanc. [illegible] is my official position and, being one of [illegible] annoying people who can usually see both sides of every argument, the silver lining in every cloud, etc, I do rather cherish this, my only wine prejudice.

But even I have to admit that at this time of year, or at least in very hot weather, [illegible] uncomplicated, nose-clearing, whistle-whetting, disarmingly simple aromatic acidity of Sauvignon Blanc [illegible] into [illegible] own.

It [illegible] not [illegible] complicated and intriguing, but who, when hot and fractious, needs complication and intrigue? The piercing perfume of gooseberries, currant bushes and cats pee will do the trick.

Fortunately, there are relatively cheap, perfectly acceptable Sauvignons in the [illegible] at the moment.

The classic choice [illegible] always Sancerre or Pouilly-Fumé, but in my recent experience it is usually necessary to buy the very [illegible] (such as Henri Bourgeois's Sancerre and Didier Dageneau's Pouilly-Fumé) to get a thrill to match the price. Much [illegible] than most classic Loire Sauvignons are [illegible] by the best-known "flying winemakers" (who, since they have been accused of making all wines taste the same – wrongly in my view – are now busy repudiating the term).

Domaine St François Sauvignon Blanc 1993, just £3.25 from Asda for example, is a fragrant, lively, very slightly fizzy, New World sort of wine made by Hugh Ryman at the Foncalieu co-op in the Languedoc. His Entre-Deux-Mers, Duras and Bergerac bottlings are also trustworthy, if a little more expensive.

[illegible] Lurton's Sauvignon Blanc Rueda [illegible] is a defiantly pungent example of the variety from north central [illegible], sold by Sainsbury's at [illegible] and Oddbins at £4.29.

Peter Bright's Bright Brothers Ribatejo Sauvignon Blanc 1993 (£3.39 Sainsbury's) is not nearly as dramatic but tastes pure, lively and entirely unexpected from Portugal. (Sainsbury's Chilean Sauvignon at the same price is, on the [illegible] hand, pure tom cat to me). Racy, appetising [illegible] making techniques are [illegible] much easier to find in south [illegible] France, [illegible] a [illegible] Sauvignon Blanc [illegible] just waiting to be transformed into user-friendly refreshment.

Safeway's [illegible] Sauvignon 1993, at £3.49, is a fruity, please-all example from the Sigoules co-op, surely known personally to a few Dordogne-visiting FT readers.

Safeway also has Ch de Plan-[illegible] 1993 [illegible] £5.75 as an encouraging, well-balanced example of the miracles that have been wrought on dry [illegible] very recently. Lots of Sauvignon flavour has been leeched into this wine which is bolstered by the body of Sémillon.

[illegible] nearly as exciting as Waitrose's best two dry white bordeaux, however. Ch de Haut Rian 1993 Bordeaux at £3.99 is [illegible] Michel [illegible]trich's 1992 made in the Premières Côtes de Bordeaux.

Another £2.46 buys real class in the form of Ch Carsin [illegible] Cuvée prestige 1992, available at the top 85 Sainsbury's for £5.45. It is an intriguing oak-[illegible] dry [illegible] made by Australian Amanda Jones. Lively, [illegible] deepened [illegible] whelmed by top quality oak.

[illegible] Zealand Sauvignon [illegible] another obvious choice, although only Montana [illegible] provide a consistent product for fans [illegible] tinned [illegible] style [illegible] than £5.

Top bottlings include Cloudy Bay, Hunters, Jackson Estate, Vavasour, and Wairau [illegible] They usually sell in the £27 to £29 range and are more usually found [illegible] independent merchants than in [illegible] chains because of the quantities available, although Thresher, Bottoms up and Wine Rack have a better selection than most.

South African Sauvignon can be extremely punchy. The allocation of Mulderbosch [illegible] John Armit [illegible] London W11 (071-727 6846) is worth seeking out, [illegible] around £90 a case.

But there is a [illegible] of wines other than Sauvignon capable of providing the same refreshing effect. Vinho [illegible] from northern Portugal, Albariño from Spain's Atlantic coast are [illegible] possibilities. Bottoms Up lists the nervy, sought-after Rias Baixas Albariño, Lagar de Cervera 1993 at £8.49.

And then, if [illegible] is high acid and refreshing [illegible] you [illegible] after, there is that grape they call Riesling . . . the under-used resource [illegible] wine world. Thanks to turmoil in the German fine [illegible] market, [illegible] are some stunning [illegible] wine bargains around.

Perhaps best value is Asda's Hochheimer Holle Riesling 1992 Aschrott at £4.99. It is not bone dry, more like zesty grapefruit, but would make great sipping in hot weather.

[illegible] is selling Erdener Treppchen Riesling [illegible] 1986 Mönchhof for only £5.95, presumably because Mönchhof [illegible] particularly keen to sell.

Winemaking wizard Ernie Loosen has now taken over these vineyards. The previous owners have given up the struggle to make these superb vineyards pay. Delicate, mature, light, refreshing essence of top quality middle Mosel; you would not find a fine, eight-year-old chardonnay at less than three times this price.

Wine for the great outdoors

Wines served out of doors, where a breeze can waft away their flavour, need to be extra assertive – doubly so if they have to do battle with charred food and barbecue sauces.

Many a brash New World wine comes into its own in the (hickory) smoke, such as Safeway's Australian Hunter Valley 1993 Chardonnay, at £4.99, and Waitrose's South African Backsberg 1992 Chardonnay, at £5.95.

When Oddbins takes delivery of its Chilean Errazuriz 1993 Chardonnay at £4.99 this month, that, too, will do nicely.

For a Friday or Saturday night (but not on a night before an early morning start), Baileys Shiraz 1992 (£4.99 Oddbins) is the archetypal barbecue wine: 14.5 per cent alcohol, great concentration and a deep, deep flavour from north east Victoria in Australia. This wine should be even better in a year.

In rather the same mould, but slightly less of a [illegible], is [illegible] clever [illegible] Kanonkop Bouwland 1992 made from a well-judged blend of grape varieties by South Africa's celebrated winemaker Beyers Truter.

For those who prefer less of a cerebral challenge from their barbecue red, Waitrose have the soft, aromatic bordeaux blend of Avontuur Cabernet/Merlot 1993 at £3.99, a South African designed for immediate drinking. JR

Wimbledon/**John Barrett**

One more shot at being an immortal

The odyssey began 33 years ago in Revnice, a small town just outside Prague. On the *practice wall at the local tennis* club a wiry little girl aged 4½ *swung her grandmother's old* wooden tennis racket for the first time.

Because she was so small Martina Subertova *held the* racket with both hands and would spend hours on the practice wall – "…queen of the two-handed backhand", she remembers in her autobiography, *Being Myself.*

An American citizen since 1981 and universally acknowledged as the queen of tennis, Martina Navratilova (she took the name of her mother's second husband), will this afternoon attempt to complete the odyssey on a high note by winning a record 10th Wimbledon singles title.

It will be a highly emotional occasion as Martina takes on 22-year-old Conchita Martinez, the first finalist from Spain since Lili de Alvarez, who achieved the feat three years in a row between 1926 and 1928 but never won the title.

It will also be a testing occasion because Martinez is one of the few players with a winning record against Navratilova. However, all four of their meetings have been on the slow red clay of the Foro Italico in Rome, a surface that favours Martinez's topspin baseline game. Navratilova won their first encounter there in 1990 but lost in 1991, '93 and in this year's final, a match that cruelly exposed Martina's relative slowness about the court these days.

During her progress through six rounds [redacted] Wimbledon, Navratilova has gradually improved her mobility by practising against Jim Courier and some of the other men. She has been urged on by another great former champion, Billie Jean King, *who, for four years, has* been helping her rediscover *the simple joy of hitting tennis* balls across a net.

This delight was never [redacted] apparent than in Navratil[redacted] semi-final on Thursday against her near neighbour in Aspen, Colorado, Gigi Fernandez.

Her 6-4 7-6 win was a joyous occasion for both of them. Fernandez actually held two set points in the second set, the first, at 5-3, a sitting forehand volley that she rushed and hit long; the second, in the tie-break, saved by Navratilova with a superb service return.

At present the world's finest doubles player with 11 grand slam titles to her name, including the last two at Wimbledon, Gigi has never aspired to greatness as a singles player.

In 10 tournaments this year she has lost in the first round seven times and has only once reached the third round. Yet she has won her five singles matches at Wimbledon with tremendous flair and has revelled in her unexpected success.

"I was fighting well the whole week. I needed to do something if my singles career was going to continue," she said.

The way she played against Navratilova suggests that, even at 30, Gigi could still become a force in singles. "I think today was the best performance of my life," she said.

"I'm just proud of the way I handled it and I'm glad I was able to produce my best tennis at Centre Court, Wimbledon, against Martina Navratilova, the legend."

On to the grand finale: Martina [redacted] goodbye to Gigi Fernandez, her semi-final opponent Reuter

No longer a two-handed player, the legend has brought the art of grass court tennis to near perfection these last 22 years. The ultimate professional, Navratilova's swinging service is the best the game has seen; her touch and power on the volley have never been surpassed; and her variety from the back of the court is greater than any of her contemporaries.

To have reached the final for a 12th time is a staggering achievement. Until today Navratilova had shared the record of 11 final-round appearances with Charlotte Sterry who, as Charlotte Cooper, won the first of her five titles in 1895.

Mrs Sterry was also Wimbledon's oldest champion when she won for the last time in 1908 at the age of 37 years and 282 days – 25 days older than Navratilova is today.

Age may well play a part in today's match. Martinez was noticeably faster about the court than Navratilova in winning her semi-final against Steffi Graf's conqueror, American Lori McNeil.

That was another exciting affair, won in the end by Martinez 3-6 6-2 10-8. In the crucial closing stages Martinez was the more determined and the more resourceful at producing telling shots on important points.

Martinez also hits the ball harder than Navratilova, a factor that was decisive in her win against Navratilova in Rome this year. Against that, the faster grass surface will enable Navratilova to impose her attacking game in a way that was impossible in Rome.

There, serve-and-volley were suicidal; here at Wimbledon they could be her salvation. Then there are the imponderables.

How will Martinez react to this first experience of a grand slam final? Will Navratilova be able to cope with her own volatile emotions and those of the excitable spectators?

Whatever the outcome, this will be a momentous occasion. After so many extraordinary upsets following the removal of Graf on the second day, it is tempting to suggest that the gods, in honour of the greatest female player of all time, have decided to give her one last chance at immortality.

Certainly Navratilova *is* ready to grasp the moment this afternoon as she walks out to the roar of her devoted followers for the last time.

"This is what I wanted. I've got that opportunity one more time. That's what I said when I walked off the court last year – I'll be back one more time.

"What a way to go! Geez, this is what I dreamed about. Win or lose… this is what I wanted, to go out in style. You know I'm going to absolutely enjoy every moment."

So are we Martina.

Rowing

A cox's lot is not a happy one

Michael Whale on his self-imposed fast for Henley

I suppose if I were to consult a doctor he would advise that at 5ft 7½in tall, and weighing a mere 8st 8lb (55 kilos), there was something severely wrong with my metabolism.

Not so. I am a coxswain taking part in this week's Henley Royal Regatta, and severe loss of weight is the self-imposed penalty required to cox a crew of super-fit and dedicated Imperial College students in the Thames Cup.

We trade under the name of Queen's Tower, a strange architectural quirk at the centre of the college which is behind the Albert Hall in Kensington, London.

As the eight-man crew endeavours to increase its weight and strength through daily training, the cox is often the butt of their ire.

As you obey the coach's secret pre-race instructions and, in horse-racing terms, apply the whip in the last furlong, there are moments when you can read the hatred in their eyes.

One of the ways they get their own back is to judge how much weight you can lose before a big event such as Henley. It was not my coxing prowess but my weight loss that won most praise before this week's competition.

Having observed diet books climbing the weekly best-seller lists, I am busy on *The Henley Diet* by The Coxswain. Unfortunately, its sales appeal would be limited because it is as slim as its author.

I can, however, tell you that the main requirement is a three or six-mile run before breakfast, quite often combined with steering my crew for an hour from Putney to Mortlake at 7am.

The advantage of this start to the day is that it removes any appetite for breakfast, apart from a cup or two of strong coffee.

After a hot bath, with a liberal amount of cooking salt in the water to remove the aches of running, comes the daily visit to the scales.

Coxes, rather like inspectors of weights and measures, frequently find fault with the accuracy of scales. Inevitably we feel they put weight on, rather than record the wasting truth.

Living, as I do, on a regime of Ogen melon for lunch, and either chicken, fish or hard-boiled egg and salad for dinner, my mood can become fractious if I am not occupied every minute of the day.

Thankfully, I have discovered that a cox's diet permits a glass or two of red wine in the evening. So, just as I have developed a craving for reading recipe books, I am becoming an expert on the lower end of the red wine market.

This week we are staying in a large house in Henley. At breakfast the crew counts every crumb I eat. To add insult to injury I have been put in charge of organising and must help prepare the massive evening meal for the crew.

Near the boat tents, I came across Jurgen Grobler, Great Britain's rowing manager. We had met previously. I reintroduced myself, and said: "I'm only 55 kilos, you know. How about being picked for England?"

I don't think he understood my humour.

Jack Nicklaus pictured at a rec[redacted] to LGC

Financial Times Round the World Ski Expedition/**Arnie Wilson**

In the volcano's shadow

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They are now in Chile.

We left Portillo just as the first real guests were arriving at the Chilean resort's colonial-style 1940s hotel, which sits like a beached cruise-ship on the shore of the Laguna del Inca.

Suddenly, after a surreal week of waiting – during which we often dined as the only guests in the wood and leather-panelled restaurant – the principal characters seemed to step out of their sepia freeze-frames to materialise into full, animated colour.

Jimmy Ackerson, who had guided us around Heavenly ski resort in California last January, was here wearing his bright red Portillo fleece for his eighth annual term of office as ski school director *during the California summer.*

The menu, which we had come to know and love during our week of exotic exile (smoked salmon every day), suddenly changed – and would change again every night for the next three weeks before rotating all over again.

The hotel stocks enough food for 400 guests for 21 days because the pass between Los Andos and Mendoza, across the Argentine border, can be blocked by snow for up to a week at a time. And two doctors were installed in the medical department, complete with glistening operating theatre, where surgery can be carried out in an emergency.

Portillo's owner, Henry Purcell was on the mountain "running the hotel from a radio in his hip-pocket as usual" as Ackerson put it.

The new arrivals were mainly well-to-do Chileans with a sprinkling of guests from the US. Skiing is still an elitist sport in Chile.

We celebrated our two-millionth vertical foot of skiing at Portillo. And thanks to our sponsors we are still on course to ski every day of 1994. Indeed, without our sponsors we would be very poor indeed – at the halfway stage of our expedition, we worked out that American Airlines have flown us 35,000 miles and eight Avis vehicles have carried us more than 18,000 miles.

Including every form of transport – skis, ski lifts, Japanese bullet trains, cars and jets – we have [redacted]lled well over 70,000 miles, *almost* the equivalent of three times round the world, averaging more than 400 miles a day since January 1.

Facts and Figures

June statistics

Miles skied: 182 (Total since January 1: 1,838)
Vertical feet skied: 207,825 (Total: 2,076,770)
Vertical miles skied: 39 (Total: 392)
Miles driven: 3,361 (Total: 16,278)
Miles flown: 12,321 (Total: 49,775)
Total mileage (all methods): 15,944 (Total: 71,460)
Resorts visited so far: 163 (US: 50; Canada: 13; Austria: 32; France: 24; Switzerland: 28; Italy: 11; Germany: 1; Japan: 4; India: 1; Chile: 4)

Resorts skied in June

Austria: Hintertux; Pitztal Glacier; Kaunertal Glacier. Switzerland: Verbier; Saas-Fee; Diablerets Glacier. France: Chamonix. Italy: Courmayeur. US: Mammoth. Chile: *Portillo*; Termas de Chillan; Las Araucarias (Llaima); Lonquimay.

Expedition sponsors

Ski the Summit, Colorado; Hewlett-Packard; Avis; American Airlines; Air New Zealand; Snow+Rock; Fogg Travel Insurance; [illegible] Champagne Mercier; Clarins.

Now we were about to commence our longest drive in a single day: 450 miles from Portillo to Termas de Chillan, to ski on a volcano. Chile has 55 active volcanoes, and some of them are ski areas. Llaima for example, where we shall be skiing next, has erupted 10 times this century – most recently in May this year.

As we meandered back down the pass, we drove past miles of railway track – the legacy of the Transandean Railway, which early this century was effectively Chile's first ski lift. Rather like the one in Wengen, Switzerland which spawned the "Down Hill Only" Club, it was used by Englishmen (mainly engineers working on the construction of the railway) who introduced recreational skiing to the area.

But apart from the magic of the mountains, it was a nightmarish journey – like driving along a completely unlit motorway with pedestrians, dogs and cyclists with no lights – mere shadows in the night – trying to cross your path at every opportunity, as huge trucks and coaches bear down on you at 80mph.

Then, with 10 miles to go, the wheels of our estate car spun hopelessly on the ice-covered dirt track that serves as a road for the final 20 miles to the ski area. It was almost midnight. *Walking the final 10* miles seemed ridiculous, as did *trundling back along the 10* miles of rutted track and then driving a further 40 miles back to Chillan to try to find a hotel. We took one last run at it, but it was no use.

It was our own fault: we had chains in the car but the thought of trying to put them on the middle of nowhere on a cold Andes night was just too daunting. We retreated to Chillan. It was 2.30am but we found an hotel open – the Gran Isabel Riquelme.

Exhausted, we slept, *blissfully* unaware of Chillan's tragic history: after being destroyed a number of times by foreign invaders, it was then flattened five times by earthquakes, the last – in 1939 – destroying 90 per cent of the city and claiming 15,000 lives.

The next day, Termas de Chillan arranged for someone to travel with us to fix the chains, but thanks to a grim-faced piece of driving, his services were not required.

Although skiing started in the area in the 1930s, Termas de Chillan has only recently begun to realise its potential, and only about one fifth of the possible ski area has been properly opened up. Imagine a snowscape with a few scattered fumeroles belching out sulphur, and you have an idea of the scale and the smell of the terrain.

It is the only resort in South America with hot springs at the base lodge, and as many people come for the sulphur baths, hydro massage and mud therapy as for the skiing.

The first proper ski lifts were installed 10 years ago. One of them, Don Otto, with a vertical drop of well over 2,000ft, is the longest in South America. One off-piste run, Shangri La, is almost nine miles long although you need a guide and transport back to the resort. But the widespread bowls, gullies and chutes on either side of the lift – all of them off-piste – give the resort its most exciting and challenging skiing.

The head of the ski patrol, Hector Navarette Garrido, accompanied us on two superb runs: Condor, a steep, sweeping gulley, and Tres Marias, a gentler scenic run, almost three miles long.

In his *South America Ski Guide*, Chris Lizza, a ski patrolman at Mammoth, mentions *Pirigallo, a particularly challenging bowl.* It was closed *during our visit* but Lizza reports that during this descent "*the faint scent* of sulphur will begin to overwhelm already stressed lungs as skiers become engulfed in clouds of the noxious steam at the bottom of the bowl".

Lucy, who had nightmares as a child about volcanoes, is relieved that when we ski at Llaima, we shall be lodging a safe distance away at Robert Stanton's farm near a small community called General Lopez, near Temuco, Chile's fourth largest city.

Stanton, more used to planning itineraries for summer clients of Passage to South America, a British tour operator, is helping us plan our skiing itinerary in Chile and Argentina.

We have discovered that we are not allowed to drive a rented car across the border. Thus, we may have to get to Bariloche, Argentina's most famous resort, by bus. But this leaves at 6am – too early to ski before we set off – and does not arrive until 6pm – too late to ski when we arrive.

If only every detail of our expedition were as simple as Stanton's telephone number: the village is so small that it has just two digits – General Lopez 11.

■ *Passage to South America, 41 North End Road, West Kensington, London W14 8SZ. Tel: 071-602 9889.*

SPORT: WORLD CUP '94

All to play for and everything to lose

Peter Berlin in Washington previews the second-round knock-out phase, and argues that no team emerged from the group games head and shoulders above the rest

The World Cup enters its serious phase today. The first 36 games have eliminated eight of the 24 starters. The next 15 matches – four knock-out rounds – will determine the winner.

The group matches did not provide many clues to go on. No team won all their games and none has produced three good performances. Some have played well in patches, but all have looked beatable. The second round is often where the contenders start to flex their muscles.

Reigning champions Germany have looked lumpen, and meet the plodding Belgians in Chicago this afternoon. The Germans are not happy. They dislike the heat. Their ponderous defence has depended heavily on goalkeeper Illgner's speed off the line and willingness to hurl himself at the feet of strikers.

This risky ploy should be less necessary against Belgium, who have used four strikers, all of them, apparently, equally slow and clumsy. Against Saudi Arabia they attacked ceaselessly and uselessly from the air. The Belgian captain and their most influential player, Scifo, believes Belgium are at their most dangerous when they are the underdogs.

But the Gemans have more potent weapons in Klinsmann and Riedle, who broke his drought with a goal against South Korea. They must have salivated as they watched Saudi Arabia slice through the Belgian defence on Wednesday.

The Germans are being tormented by their press; there are tales of rifts in the team; and Effenberg, a talented but obnoxious midfield player, has been thrown off the squad – for being obnoxious. Even so, they should be able to kick sand in the Belgians' faces.

Today's other game features a pair of second-placed teams. Spain and Switzerland have produced passages of good play, but not enough to suggest that either can expect to grace the later stages of the competition. The Spaniards are in the finals for the ninth time, but have reached the last eight only twice, while the Swiss are hoping their occasionally fluid teamwork can take them past Spain for the first time in 17 games. Caminero, who scored twice for Spain against Bolivia, is missing because of a one-game suspension.

Tomorrow, Saudi Arabia play Sweden at noon in Dallas, where temperatures topped 110°F in Tuesday's game between Germany and South Korea. The Saudis come from the desert but they seemed to wilt against Belghum in Washington on Wednesday. They still won. They showed pace and flair in attack and dealt comfortably with Belgium's aerial assault.

But if they allow Sweden as much possession as they gave Belgium and Holland, they are unlikely to survive.

Argentina – the perennial survivors – take on Romania in Los Angeles. Argentina looked overpowering in their first two games but underpowered in their last, a defeat against Bulgaria when they were missing Maradona's deft touch, most obviously at free kicks, where his accuracy and imagination was replaced by unrehearsed clumsiness. Yet they won the *Copa America* last year without Maradona and also without Caniggia, who has hurt a toe.

Furthermore, since the Argentinians had already qualified for the second round they could be forgiven an evening off, particularly as they knew that the lower they finished the easier their second round opponents would be.

Between them Bulgaria and Argentina set a single-game yellow-card record. Romania are as niggly as the Bulgarians and play an even more cautious counter-attacking game. Raducioiu will sit out the game thanks to picking up two yellow cards.

Argentina could revert to their defensive posture of four years ago. But they know that victory will bring them a w[illegible]e quarter-final against Sweden or Saudi Arabia. [illegible] the [illegible] for Rodrigues, Redondo, [illegible] and [illegible] to step out of the shadows.

The Dutch – great under-achievers – still carry the aura of title con[illegible]rs. [illegible] their team contained Gullit, Van Basten, Rijkaard and Koeman, all world-class, and yet played poorly for four games and were eliminated at this stage.

Gullit and Van Basten are gone, to be replaced by Bergkamp, Overmars, J[illegible] Roy. Holland remain less than the sum of their parts and on Monday meet the Irish who beat them 1-0 in Tilburg [illegible] April. But the weather was [illegible] there.

Both teams have already played in steamy Orlando and both [illegible] said they [illegible] stand the heat. The Irish have played impressively, but their form dipped in their one game in Orlando, a loss to Mexico. Monday's game will be a test of will and water retention as much as of skill and tactics.

The reward is a trip to Dallas, the hottest of the quarter-final sites, where the likely opponents will be Brazil, the most plausible pretenders to the trophy. Brazil play the US in San Francisco on Monday – July 4 – and the Americans are excited. "I think we're all psyched to play against Brazil," said Lalas, the American centre-back. "They're such a brilliant team and have such great players."

The organisers agree. This could not have worked out better. The US team has stoked public interest. Americans do not like losers, but defeat against Brazil, which even the most ill-informed American sports fans associate with soccer, would be acceptable, especially if Brazil can find the dazzling form they hinted at in the first round. The US will be without John Harkes, one of their most impressive players so far, who misses the game through suspension.

Nigeria's injury-time goal against Greece gave the Super Eagles the honour of winning their group – an African first – but it brings a dubious reward: Italy.

Italy have a habit of consolidating as World Cups progress. They are a big, fast team: Nigeria will not be able to out-run or out-muscle them. Nigeria have been breathtaking at times, but against Argentina they were out-manoeuvred, and the canny Italians will provide an [illegible] severe [illegible] sophistication.

Yet Italy must answer some questions themselves. Will their fragile confidence start to strengthen? When will Signori and Roberto Baggio find their form? Is Massaro about to emerge as the Schillaci or the Rossi of this World Cup?

The second round will finish with two teams whose abilities lie in attack if only they dared rely on them. The Mexicans are fast and skilful yet somehow lethargic when moving from defence to attack. The Bulgarians, who will be without three defenders after giving Jouini, [illegible] Tunisian referee, writer's cramp on Thursday night, possess two exhilarating strikers in Kostadinov and Stoichkov.

Their chief offensive strategy has been to win penalties, which Stoichkov then converts. It could be an important skill: while the second round brings the stomach-wrenching tension of knock-out play, it also brings the prospect of games decided by penalty shoot-outs.

If teams like Bulgaria opt to sit out two hours' play in the hope of winning spot-kick roulette, the good memories of the first two weeks of this World Cup will be obliterated.

Second Round Schedule

Germany vs Belgium
Today Chicago (6:00pm BST)
Switzerland vs Spain
Today Washington (9:00pm)
Saudi Arabia vs Sweden
Tomorrow Dallas (6:00pm)
Romania vs Argentina
Tomorrow Los Angeles (9:30pm)
Holland vs Ireland
July 4 Orlando (5:00pm)
Brazil vs USA
July 4 San Francisco (8:30pm)
Nigeria vs Italy
July 5 Boston (6:00pm)
Mexico vs Bulgaria
July 5 New Jersey (9:30pm)

Bulgarian team members celebrate their 2-0 victory over the fancied Argentinians, which meant they qualified for the second round, where they will meet Mexico Reuter

Score a victory for the naive nations

Peter Aspden finds soccer's traditional giants under threat

T[illegible] was [illegible] magical [illegible] during Argen[illegible] impressive victory over Nigeria when the African [illegible] back four [illegible] have [illegible] they were watching the game on TV.

It came when Argentina were given [illegible] free kick in an attacking position on the left, and the camera zoomed in [illegible] Caniggia's [illegible] "Diego, Diego!", we saw him scream. "Behind you, behind you!", we responded, hoping [illegible] rouse [illegible] Nigerians from their apparent slumber.

It was too late. The world's most glamorous drug rehabilitation double act snapped into action and a switch back [illegible] long-distance [illegible] confirmed our [illegible] Caniggia was indeed utterly unmarked, the ball [illegible] patched to him with awesome accuracy by Maradona, and Argentina [illegible] ahead.

It [illegible] a classic example [illegible] what pundits like [illegible] call [illegible] naive [illegible] defending. [illegible] defenders, like their [illegible] cousins, exuberant midfielders [illegible] free-ranging [illegible] are in [illegible] all [illegible] their [illegible] What is [illegible] is that [illegible] all seem to come from [illegible] in [illegible] "developing world", and are usually patronised [illegible] this way as they are [illegible] to give a "traditional" footballing nation [illegible] right stuffing.

[illegible] immediately [illegible] Owairan had [illegible] his magnificent solo goal for Saudi Arabia against Belgium, the ITV commentary team worried that the Saudis would get "over-excited" about their lead and let Belgium back into the game. (They didn't.)

This – of course – in sharp contrast to the consummate "professionalism" of the Irish team, who were commended by virtually every TV panellist for not being tempted to push too many men forward while grinding out their execrable draw against Norway.

To his credit, the Wimbledon striker John Fashanu, commenting for the BBC (not, as stated last Saturday, for ITV), resisted John Motson's offer to castigate the Nigerian defence for its ingenuousness, preferring to concentrate on the Argentinians' excellence.

But it was a testing match for the lover of stereotype, with the "innocent" Africans out-fouling the "cynical" South Americans by a staggering 24-1 in the first half. Even then, Motson could not refrain from a melodramatic: "Are these fouls or are the Argentinians diving?"

South Korea naively conceded three sloppy goals in their match with Germany, before naively realising that this German side were actually very poor and could quite easily be beaten. They didn't quite make it; but the notion that the *football* globe can be *divided* into sophisticated, knowing European and South American sides and a rest of the world struggling near the bottom of a long learning curve is looking increasingly absurd.

Myths die hard, however. Brazil, for example, technically excellent as ever, are nowhere near justifying the praise heaped on them. Their midfield looks unimaginative and one-paced, and far too much is being asked of Romario, who might just struggle against the uncompromising centre-backs of the US on Monday.

With Argentina's aspirations seemingly undone by a nasal spray and Italy looking as neurotic and angst-ridden as their 1982 side after the first round (who went on to win the tournament, it must be said), the time looks perfect for a new entrant into football's ultimate establishment, the club-of-six World Cup-winning nations.

[illegible] Romania, [illegible] Gheorghe [illegible] mis-hits into the top corner? Or the over-excited Saudis and the spectacular Owairan? *The heat-seeking Mexicans?* It could be the year of the naive in the land of opportunity, and the countries which have traditionally dominated world football might just have to admit that – for now – they have run out of ideas.

Low-scoring trend reversed

More goals, more chances, and more attempts to score. That is a snapshot of the World Cup finals so far.

Helped by regulations to punish *defensive and foul play, the* tournament has reversed the trend to low-scoring games. This time, 36 first-round games produced 93 goals, compared to 80 four years ago.

Fifa, soccer's governing body, decided to act after the 1990 World Cup produced a record low goals-per-game average of 2.2.

The problems, Fifa believed, were frequent back-passing to goalkeepers, negative play to achieve a draw, and repetitive fouling to stop opponents shooting at goal.

So Fifa stopped goalies collecting kicked-back passes with their hands; made *the off-side rule* kinder to attackers; and told referees to expel defenders who hauled down strikers when they were going for goal. It also awarded three points for a *first-round win instead of two.*

The result, says Brazilian soccer ace Pelé, is a better game to watch and good news for attackers. "My opinion is [that] we have to applaud and congratulate Fifa because these changes have worked very well so far," he said.

"These rule changes are the reason why we see so many goals and open games and beautiful games. I think it is perfect for the public."

Although seven first-round matches were drawn, only two failed to produce a goal. Last time, 11 first-round games saw only one goal. This time it was eight.

Goalkeepers have become far busier. There has been much more goal-mouth action. "There is more spectacle," says Fifa's Sepp Blatter, attributing this to better match control and better behaviour by players.

Russia's Salenko (six goals), Germany's Klinsmann (four), and Argentina'a Batistuta, Sweden's Dahlin and Brazil's Romario (all three) lead the list of goal-scorers.

Salenko, after setting a finals goal record with five against Cameroon, will not have the opportunity to add to his tally. Bulgaria's victory over Argentina and Nigeria's win over Greece meant Russia were eliminated.

"I had hoped Russia would continue playing and maybe finish as the tournament's best scorer," Salenko said. "If there is any [illegible] I'm still holding [illegible] other record."

Argentina's lapse foils strategy

Betting-wise, my strategy of backing Latin America plus Romania in the World Cup was looking really brainy, until Argentina messed me about by *not winning their group, Michael Thompson-Noel writes.*

Colombia – spit, spit – were a mistake. Their exit cost me £77 (£70 stake plus 10 per cent betting tax). But two of my other three *teams, Brazil and Romania,* won their first-round groups. Even the Argies were cruising nicely until losing to Bulgaria. They still qualified, but only in third place.

I have backed Romania at 25-1 and 33-1: two bets of £10 each-way (£10 to win plus £10, at half-odds, to reach the final). I found the 33-1 by shopping around after they had beaten Colombia. To biff the bookies, *you have to shop for* odds.

At present, victory for Romania would yield a net profit of £635 on total stakes so far (all four teams) of £275 ('net' meaning *profit minus all losing bets and* tax).

If the Argies win, the profit would be £275. Brazil: a net loss of £35. To date, I have been treating Brazil as a saver. Trouble is, since the start of the competition Brazil have slumped from 3-1 to less than 2-1 – excessively ungenerous.

Am I worried by the impact on [illegible] *of Maradona's expulsion* for drug-taking? Not a lot. A betting strategy based on a single player would be a ridiculous one indeed. What is *really* irritating is that Argentina and Romania *now meet in the second round,* and that only one of my three teams can reach the final.

All extremely wretched. But the bookies aren't safe. I am preparing Plan B.

Results

GROUP D

Argentina	0	Bulgaria	2
Nigeria	2	Greece	0

Final First Round Standings

GROUP A

	P	W	D	L	GD	Pts
Romania	3	2	0	1	0	6
Switzerland	3	1	1	1	+1	4
USA	3	1	1	1	0	4
Colombia	3	1	0	2	-1	3

GROUP B

	P	W	D	L	GD	Pts
Brazil	3	2	1	0	+5	7
Sweden	3	1	2	0	+2	5
Russia	3	1	0	2	+1	3
Cameroon	3	0	1	2	-8	1

GROUP C

	P	W	D	L	GD	Pts
Germany	3	2	1	0	+2	7
Spain	3	1	2	0	+2	5
S.Korea	3	0	2	1	-1	2
Bolivia	3	0	1	2	-3	1

GROUP D

	P	W	D	L	GD	Pts
Nigeria	3	2	0	1	+4	6
Bulgaria	3	2	0	1	+3	6
Argentina	3	2	0	1	+3	6
Greece	3	0	0	3	-10	0

GROUP E

	P	W	D	L	GD	Pts
Mexico	3	1	1	1	0	4
Ireland	3	1	1	1	0	4
Italy	3	1	1	1	0	4
Norway	3	1	1	1	0	4

GROUP F

	P	W	D	L	GD	Pts
Holland	3	2	0	1	+1	6
Saudi Arabia	3	2	0	1	+1	6
Belgium	3	2	0	1	+1	6
Morocco	3	0	0	3	-3	0

Saleroom/Susan Moore

Controversy rages over Velázquez

Susan Moore ponders the fate of [redacted] questionable 'Immaculate Conception'

When a painting by a major Old Master turns up on the market without provenance and undocumented in the literature on the artist, it is almost inevitable that the art world is riven in its opinion of the work's authenticity.

In 1990, the French dealer Charles Bailly paid a sensational FFr18m – over £2m – for an "Immaculate Conception" offered at auction in Paris as "circle of Velázquez". Convinced it was by the master himself – as, *presumably*, was the unknown underbidder – he set about trying to prove his case and tempt a buyer.

Four years on, the picture's appearance at Sotheby's in London can be seen as a measure of his failure to date – *and of the reluctance of* some museums and art historians to involve themselves in attributing [redacted] picture that happens to belong to the trade.

Relieved of its masking grime and x-rayed before the sale (almost unheard of auction-house practice), the painting is being offered on Wednesday with a £6m estimate as an autograph early *Velázquez*.

The controversy raging around the picture highlights once again the power of experts to make or break a picture at auction. The world of Old Master connoisseurship offers few certainties, and the slightest scholarly reservation often freezes [redacted] collector's hand as [redacted] reaches for the cheque book. Museum trustees tend to be an even more cautious breed.

The success of the auction may depend on whether any *European or North American* institution can steel its nerve to pay £6m or so (the reserve price has yet to be set) for a picture that perhaps half the relevant authorities believe to be by Alonso Cano, Velázquez's fellow apprentice in Seville.

The second question looming large over the sale is whether anyone with the wherewithal to buy [redacted] Velázquez would want this one – not one of the master's earthy *bodegones* or late court portraits, but an *austerely* intellectual religious image? That said, Velázquezs likely to reach the market are hardly thick on the ground.

Paris also turned up one of the highlights of the Old Master drawings show currently at Hazlitt, Gooden & Fox. This unexpectedly delicate pen and brown ink study by Rubens was offered at the Drouot in 1992 as 'circle of Van Dyck' where it was bought in and later acquired by a French dealer for its frame.

Subsequently bought by Hazlitts, the drawing was identified by Michael Jaffé as [redacted] study for Rubens's "Le Christ [redacted] la Paille" in Antwerp. When the drawing was lifted from its mount, figure studies for another Rubens composition were discovered on its *verso*. The asking price for this double-sided sheet is around £200,000.

Discoveries appear to be *the theme of the week*. On Wednesday, Christie's London offers an impressive Assyrian relief of [redacted] eunuch and [redacted] bearded winged divine from the Palace of [redacted]urnasirpal II at Nimrud of 883-859 BC.

Part of the loot excavated by Sir Henry Layard in 1845-48, the bas relief remained at Canford Manor after the house [redacted] a public school. There, lining *the tuck shop* wall and covered in [redacted] thought to be one of [redacted] group of plaster casts. A figure in excess of £750,000 is expected.

No less remarkable at Christie's on Tuesday is the previously unrecorded horn of [redacted] unicorn (produced, if truth be told, by the more prosaic narwhal, a small arctic whale), lovingly carved in *mid 12th century England*.

Among the most prized of medieval and renaissance treasures, these horns commanded extravagant prices. Pope Clement VII paid 17,000 ducats to secure one; Michelangelo agreed to paint the Sistine Ceiling for 3,000.

The BP winner: 'Portrait of an Artist's Model' by Peter Edwards

Ambitious beyond the simple portrait

William Packer admires the work in the 15th Portrait Award

The Portrait Award, now in its fifth year with BP and its 15th in all, has become so much a fixture in the calendar that we may well take it too much for granted. Certainly it [redacted] that again this year, [redacted] like [redacted] former Prince of Wales, it is "no better, (it) is much [redacted] same." The [redacted] thing is that it is no worse. "Much the same" in a position of strength is no bad thing at all.

Of course all but the judges will disagree with the prizes given, and even they may have agreed to [redacted] themselves. That too is in the nature of the beast. What is clear is [redacted] with their three winners and [redacted] of [redacted] mendeds, [redacted] drawn towards the more awkward and unsettling of the works: works that by their scale, and the formal and technical problems they take on, are ambitious beyond the narrower conventions of portraiture.

Shani Rhys-James's huge and richly expressive self-portrait with tins of paint (2nd prize); Louise Courtnell's starkly-lit [redacted] (commended); Peter Edwards' wistful elderly model in blue jumper and long, patterned skirt, sitting with the arms folded lightly on her lap (1st prize – £10,000 and a commission): these are things for only the bravest of board[redacted] while [redacted] excluding the possibility, [redacted] safer icons of boardroom, [redacted] cers' mess or bishop's palace were [redacted] Portrait [redacted] particular thing.

Rather it was to restore the portrait itself to the [redacted] – [redacted] has largely been achieved, [redacted] long-since shown in their quality and variety. Of the works unfavoured by the judges this time, I recommend Brian Martin's large studio conversation piece; Eum Gray's somewhat fierce and intense self-portrait; Minna Thornton's rather more [redacted] and delicate self-portrait; an ambitious full-length self-portrait [redacted] Douglas Houghton; and Jason Line's three-quarter length of a friend, Drax, resplendent in his patchwork shirt.

My only gripe against the Portrait Award is its restriction to artists of 40 and under. The young already have enough going for them – yet another competition or award for young artists "in those difficult years after leaving college" would be one too many. [redacted] in [redacted] need encouragement too, and there are many whose premature exclusion has been the award's loss in the longer term.

David Remfry is one [redacted] accomplished figure draughtsman and a virtuoso of water-colour, which he regularly exploits on the largest scale the medium can reasonably stand. The evidence of this latest show is that his handling of it is growing ever more radical, free and experimental, whatever the apparent subject of the work might be, bringing the eye always back to the surface, to the stroke of the brush and the flow of the paint.

His principal subject has always been the female figure, young, beautiful and active, usually in her party clothes and often be-hatted. This new work [redacted] the Mercury continues his trend of recent years in extending that particular preoccupation into larger, more complex and ambitious compo[redacted] – the night-club, the party, the dance, with Remfry's friends supplying the immediately recognisably *dramatis personae*. [redacted] artists catch the life and movement, the very spirit of the party with such wit and light dexterity.

Geoffrey Humphries is another remarkable draughtsman of the figure, which remains his principal subject, in life-painting and portraiture. He includes one or two such [redacted] exhibition [redacted] Albion, but for once the bulk of the work is of a different kind. He has spent most of his time in Venice these many years, yet so domineering is the city as a subject that he has long fought shy of it. Latterly, however, he has begun to work from it at last, not in the conventional and familiar image of Grand Canal, Piazza and Palazzo, but rather the intimate and informal city of his own daily life, [redacted] bar and shop, alleyway and waterfront.

In all of this he has been working mainly in water-colour for practical reasons. The results come small in scale but in remarkable quantity, and with an economy of statement, and delicacy of touch that grow surer with every one.

The BP Portrait Award 1994: National Portrait Gallery, St Martin's Place WC2, until September 4; sponsored by British Petroleum. David Remfry: A Little Night Music; Mercury Gallery, 26 Cork Street W1, until July 23. Geoffrey Humphries: Albion Fine Art, 61 Ledbury Road W11, until July 16.

'Meltdown' opera proves a damp squib

The festive catch-all on the [redacted] Bank, "Meltdown", [redacted] weekend. It seems to have been designed to entice that notional young-middle audience which has not really got into "classical" music but warms easily to post-minimalism, to very loud, rhythmic, anarchical stuff, to highbrow raids on jazz and pop, to ethnic imports, to current "performance" theatre and to films [redacted] incorporate any of those (the National Film Theatre is participating).

I suspect that [redacted] omnivorous [redacted] is a fiction, though there are sub-audiences aplenty for each of those fashions – and there *are* people who will try almost anything new-ish, especially in a balmy summer. But I guess too that the imagined eclectic [redacted] a wistful South Bank hope: if anything creditably *new* [redacted] to turn up in [redacted] directionless times, it should surface amid the (mild) ferment of trends which actually draw non-classical audiences.

Who knows? – Nicholas Snowman and his modernist South Bank crew might even be right about that.

On [redacted] however, a much-hyped Meltdown event proved a damp, grisly squib. That was Martin Butler's "operatic adventure story" *Craig's Progress*, to a libretto by Stephen Pruslin. Butler's original idea was to make something operatic out [redacted] "American comic-book narrative and design of the 1930s to '50s", and especially a disoriented Superman-figure (Craig) from now. As "developed" by Pruslin – a sometime associate, pianist and amanuensis for Maxwell Davies and Birtwistle – the idea [redacted] in an *inconsequent mess*.

Craig, the comic-book hero, undergoes "adventures" which are [redacted] silly [redacted] be funny, and too [redacted] by far to [redacted] staged [redacted] the tiny budget available. The high-flown synopsis in the programme barely connected with the naff *Playschool* antics on view. The words, when audible, were embarrassing, the would-be jokes [redacted] the action regularly crippled by empty verbal games. One felt acutely for the [redacted] pleasant, hard-working Mecklenburgh Opera singers, who will not wish to be remembered for this show.

Butler is a skilful composer of incidental music. His score for *Craig's Progress* is largely incidental, and unremittingly bland. It uses ten winds to no [redacted] purpose, with [redacted] pair of piano-duettists tinkling away to distraction: it was like continually bumping one's head against *wind-chimes*. There was a woeful absence of pace. The Epilogue, obviously inspired by Stravinsky's for *The Rake's Progress*, withered and died at the comparison. Falling between so many stools at once is an astonishing feat; Stravinsky himself remarked that between stools is sometimes the best place to be – but he hadn't heard *Craig's Progress*.

David Murray

Alastair Muir

Naff: Simone Sauphanor in 'Craig's Progress' by Martin Butler

ART GALLERIES

Bonn plays host to eastern Europe's avant-garde

*Besides 20th century art, the main theatrical event at the Kuntshalle is an experimental opera about the life of Gorbachev, reports **Andrew Clark***

No-one ever went to Bonn for culture. But by the end of the century, when the most important government ministries have transferred to Berlin, culture may be all Bonn has to remind itself of those heady days as a European capital.

The city's image as a cultural backwater has been transformed over the past two years by the Kunsthalle, a large modern gallery with a growing international reputation. Its latest exhibition is typically ambitious – a panoramic survey of 20th century avant-garde art in eastern Europe.

Like several other artificially-created capitals, Bonn has struggled to build a cultural life commensurate with its political status. In the 1980s, the federal government began pumping money into the Bonn Opera, but there has been little of permanent value to show for it. Attempts to exploit the Beethoven connection (he was born in Bonn) have also had mixed success.

The Kunsthalle is different. Built with DM130m (£50m) of federal funds, it opened with exquisite timing, just as the decision was taken to deprive Bonn of its capital status. Situated next to two other new museums in Bonn's government area, it has been a success from the start.

The building itself, a creamy limestone rectangle designed by the Viennese architect Gustav Peichl, makes no great statement – unless you count the 16 rusty steel columns along the front, representing the 16 German Länder. But you cannot mistake the three roof-cones, standing amid a landscaped sculpture garden. Inside, the cones feed natural light onto circular display areas, like neo-classical porticos – the perfect home for a Brancusi polished bronze bird in the current exhibition. In addition to two floors of flexible exhibition space, there are archive and video facilities, and a 500-seat theatre. The idea is to encourage inter-disciplinary activities – exploring the east European theme, for example, with a film season and experimental opera.

Entitled *Europa, Europa, The Century of the Avant-Garde in Central and Eastern Europe*, the exhibition aims to highlight the contribution made by east European artists to international artistic trends, and to show that art behind the Iron Curtain was not necessarily subordinate. Starting with symbolist and abstract art, we are swept through Cubism, Constructivism, Jewish culture, Socialist Realism, postwar technical developments and current trends. Putting this together cost DM10m – more than many museums' annual budget.

Given the breadth of the subject, it is hardly surprising that the overall impression is sketchy. Some of the work in the Cubist and Constructivist sections lacks a distinctive quality. Chagall is poorly represented, and the exhibition's vitality diminishes as it proceeds.

Nevertheless, there are plenty of discoveries – particularly in the opening section, which includes a visionary "Sunset" by the Lithuanian artist Mikalojus Ciurlionis (1875-1911) and loans from Polish, Moravian, Slovenian and Transylvanian collections, long hidden from western eyes. One admires the simple strength of Popova's constructivist pictures, the fairy-tale surrealism of Josef Sima's "Fall of Icarus" (1936) and the sheer artistry of Laszlo Moholy-Nagy's light-space modulator (1930), a sophisticated forerunner of Tinguely's mechanical contraptions. A room of Russian theatre designs includes a Gogolesque *Mikado* from Moscow in 1927. Dominating the postwar section is Magdalena Abakonowicz's lifesize sculpture "Human Crowd IV" (1989), a grim posse of headless figures.

The exhibition and film season run till October 16. The main theatrical event so far has been the world premiere of *Gorbachev*, an operatic sketch by Franz Hummel with a text by Thomas Körner. Lasting less than 50 minutes, it consists of a rehearsal of a fictitious "grand heroic opera" about the former Soviet leader. Gorbachev himself is a tenor, and the other two parts – the stage director and repetiteur – are spoken. A five-act structure is glimpsed, embracing a Glasnost speech to the Communist Party congress, a state visit to the West, the fall of the Berlin Wall, the coup attempt and humiliation by Yeltsin in parliament.

Like *Nixon in China* and the Patty Hearst opera premiered at this year's Munich Biennale, *Gorbachev* deals with a contemporary subject bursting with natural theatre. Unlike them, it makes no attempt to fictionalise its subject. Instead, it places Gorbachev in ironic parentheses, as the protagonists question whether such a figure can be adequately represented on stage while he is still alive.

The message seems to be that only when time lends its interpretative gloss, when history offers its perspective, can a clear distinction be made between real-life figure and theatrical archetype. *Gorbachev* asks more questions than it answers: why would a Führer consciously lay the ground for his own downfall? What is Gorbachev's historical significance? Is he a messianic or tragic figure? Would he make a suitable subject for an opera?

The music is harmless – chattering piano accompaniments, taped orchestral perorations, declamatory arioso and lyrical canzonetta. The stage director pontificates, the repetiteur makes tea. Flimsy material perhaps, but Hansgünther Heyme's production, with Wolf Münzer's pyramid-staircase set, transformed it into a worthwhile piece of theatre. Walter Raffeiner was the authentic Gorbachev impersonator, assisted by Adolf Dresen's stage director and Irina Rümina's repetiteur.

A messianic, or tragic, figure? Walter Raffeiner as Gorbachev in Franz Hummel's operatic sketch

How the LSO played off its debt

***Antony Thorncroft** talks to cellist-turned-manager, Clive Gillinson, about the orchestra's change of fortune*

Ten years ago the London Symphony Orchestra was facing disaster. The house orchestra of the recently opened Barbican Centre seemed unable to put a foot right. Its ambitious festivals of the music of Webern and Tippett were attracting audiences of 50 per cent or less. Its policy, imported from the US, of selling tickets by subscription and repeating programmes, was just not working in a city with no shortage of alternative concerts.

One financial backer, the City of London, was restive; another, the Arts Council, was specific: unless the orchestra eliminated its swiftly accumulated deficit of £430,000 within three years funding would cease. Managerial heads rolled at the LSO and the board looked around for a new chief executive. In the meantime Clive Gillinson, a cellist in the orchestra, was given the job of managing the LSO for three months.

A decade later he is still there. He surveys a typical London musical scene where all the major orchestras have problems of one sort or another, especially financial, except one. The LSO has around £100,000 in the bank; the loyal support of the Arts Council and the City, who between them have raised their annual subsidy to £2.1m; a turnover which has doubled during the decade, to £7.7m this year; audiences in 1994 of almost 90 per cent capacity; and a secure future. No wonder Gillinson is picking up awards and taking calls from head hunters. He is staying put for the next five years (he has just signed the deal) but lets loose that there are two other jobs which intrigue him. Watch out the National Trust and the National Theatre.

The change-around was not a pretty sound. Gillinson admits that for a year or so the LSO sold itself blatantly to pay off the overdraft. Rehearsals were cut and popular programmes played. Any rich egoist who could offer private or corporate money got the chance to conduct the LSO. One was so inadequate that the only way a particularly tricky scherzo could be recorded was by asking him to listen while the orchestra played it under the baton of its leader. This was the take that made the final recording. Luckily most of the self-delusionists wanted to play pop classics and the undiscriminating audience did not notice the cracks. But it was very disillusioning for the musicians. By playing 700 sessions a year (as against 500 now) the LSO managed to play off the debt.

But its confidence was shattered, and in 1985 Gillinson was preparing to pull the plug on a series of concerts of Mahler and Viennese music under Claudio Abbado, which would help to raise the reputation of the LSO but could backfire financially. Gillinson flew to the maestro to discuss the project and was persuaded to press ahead. Sponsorship money was found and the series was a great artistic and critical success.

This was a turning point. The reviving reputation of the LSO was consolidated by the courtship and seduction two years later of the cellist Mstislav Rostropovich, who was looking for concerts to celebrate his 60th birthday. LSO saw off the competition from other orchestras and he has remained a loyal supporter.

As he won over the critics Gillinson was also changing the way the LSO performed. The original three, monthly, seasons a year at the Barbican were jettisoned for Thursday and Sunday concerts throughout the year. The workload was reduced from 100 concerts to 85. When the City and the Arts Council were persuaded to raise their backing, the LSO recruited joint string principals to beef up what had always been the weakest aspect of its playing. It also concentrated on booking only top flight conductors and soloists.

The changes were not universally welcomed. Gillinson is a tough disciplinarian and many LSO musicians left for a more easy going life-style. If you stayed with the LSO you got the chance to play interesting programmes to wide acclaim but you had to turn up for virtually every concert: the audience expected to recognise each musician in their appointed seat. Fixed holidays were brought in, and short-term pay offs were replaced by long-term planning: performance fees have been frozen for the last three years.

But while the other London orchestras had the agonising experience last year of being forced into a beauty contest before the Hoffmann Committee, which had been asked by the Arts Council to recommend orchestras for the financial chop, the LSO was excused. It enjoys much more subsidy than its rivals (although it plays more London concerts); its audiences are far higher; its reputation sound.

It does not entirely escape the malaise that has overtaken London concert making in the past decade. Big name conductors are still reluctant to commit themselves to taking on a London orchestra. This year Sir Colin Davis succeeds Michael Tilson Thomas as principal conductor of the LSO, (which should bring more British music into its repertoire), but, despite his high national standing, Sir Colin has not the international reputation to bring to the LSO lucrative recording contracts. The LSO has still to move from being a great British orchestra to being an outstanding global one.

But most things are in place for take off. There is now a commitment to make every concert special, rather than to go for safe Beethoven-Tchaikovsky double bills, which can no longer guarantee an audience anyway. So in the autumn programme you have either a festival theme – all of Mahler's symphonies; or popular performers like Solti and Anne-Sophie Mutter; or starrily cast operas in concert (*Idomeneo*). Like Simon Rattle in Birmingham the LSO has now gained the confidence of its audience, which will go along for challenging work with some expectation – although a barrage of discounts and special offers helps. The reputations of the London orchestras rise and fall but the LSO, bolstered by the Barbican residency, seems secure enough to see out Gillinson's tenure.

Clive Gillinson (left) during a break in rehearsals at the Barbican — Lydia van der Meer

Conductor on peak form

***Richard Fairman** finds Jansons bringing out the best in the LSO*

The London Symphony Orchestra has taken to printing quotations from reviews in its programmes of late. Carefully-edited snippets landing an orchestra's "beauty" and "grandeur" are the sort of one-upmanship liable to test one's patience, especially if the playing leaves something to be desired, but nobody is likely to have complained to the LSO on Thursday.

The orchestra is finishing the 1993-4 season in what must be its best form for many years. Three closing concerts with Mariss Jansons are scheduled within the space of a week and the only regret after this first one was that these will be Jansons's last appearances with the LSO, at least for a while. As from this autumn he has undertaken to conduct in London exclusively as principal guest conductor for the rival London Philharmonic, an agreement that must have been signed a year or more ago.

Now we learn that the London Philharmonic is to say goodbye to its music director, Franz Welser-Möst, so where does this leave Jansons? The London Philharmonic's management said last week that it would take some time for a new appointment to be made, but it is difficult to see why. In half-an-hour they could easily take the tube to the Barbican and head for the conductor's room with the words, "Hello, Mariss. Do you want the job?" Assuming he *does* want it, that is: unfortunately Jansons may by now have higher ambitions elsewhere.

How his star has risen in the last ten years. From his regular visits to London with three of the capital's orchestras he has shown himself to be unrivalled as an interpreter of Russian music and big showpiece scores. On Thursday, with the LSO, he turned to the standard German classics and gave us Beethoven and Bruckner, thought-out and delivered to an exemplary standard that may well have surprised even his most ardent admirers.

In Beethoven's Third Piano Concerto he accompanied Alfred Brendel in a typically alert fashion, balancing the romantic leanings of Brendel's lyrical playing with neatly-sprung classical phrasing. From both of them it was a marvellously concentrated performance, which always knew what it wanted to say, and said it with wit and tenderness.

Those same qualities shone through in Bruckner's Seventh Symphony too, where they might not necessarily be thought so appropriate. Jansons's Bruckner was never going to be distinguished by the wisdom that is learnt patiently over long decades by the composer's most illustrious interpreters, because that is not his nature. What he brought to the music was the keenest possible intelligence and a fine ear. If the symphony in the end added up to less than the sum of its parts, that did not stop every part of it being riveting.

Sometimes in the past, when faced with a big work, Jansons has been seduced by volume for its own sake, but thankfully not here. In the long opening movement one could have been listening to chamber music, so clear was every strand of the music. Like the best international orchestras, the LSO has found a natural internal balance of its own, so that the brass no longer raucously drown their colleagues at climaxes as they used to. To judge from the flute and oboe solos, even more the first violins' work above the stave, the players are now technically well ahead of any other British orchestra. Their two remaining concerts with Jansons are highly recommended.

Sponsored by Toshiba. The other two concerts are on July 3 and 5

Chess No 1028: 1 Qe3. If Kd8 2 Bc8! Kxc8 3 Qe8. If 1...Kf8 2 Bg8, or Ke8 2 Qc5, or Kd6 2 Bf5, or Kf6 2 Bd5, and mate next move.

Men of passion, writers of stature

***Jackie Wullschlager** reviews contrasting studies of the lives and work of two giants of 19th century French literature*

Oscar Wilde called him the inventor of the 19th century. To English eyes, he has always been the French writer who most embodies our love affair with decadent, romantic, venal Paris. The small fat man who stalked the *faubourgs* for inspiration about everyday life and so became the father of the realistic novel, Balzac is the voice of pre-1848 France as surely as Dickens speaks for Victorian England.

This is the first English biography for 50 years. It reaffirms the Balzac myth with all the detail and domestic precision of the Comedie Humaine novels and it has a splendid story to tell. Born in 1799 in Tours, Balzac was an object of instant dislike to his 20-year-old mother, who put him out to nurse, ignored him while she pursued her lovers and sent him to a boarding school which did not believe in holidays. From the ages of eight to 14, he saw his family twice.

But in 1813, his headmaster demanded that he be removed at once. Almost comatose, unable to speak, thin and puny, it then emerged that Balzac had passed much of his school years locked up either in a dungeon or in a cupboard under the stairs. He had done little classwork but had devoured every book in the school library. In a horrible way, the pattern of his life was set. When he wrote his novels, he always wore a monk's habit and sat in a darkened room with only a coffee-pot, to make sure he kept awake, as a prop.

His parents moved to Paris and at 19 Balzac persuaded them to fund him as a writer. Bourgeoise respectability dictated the deal. Balzac was secretly set up in a room on the edge of the Marais, friends were told he had gone south to work; he promised only to come out at night and to keep to the suburbs.

"In listening to these people, I could espouse their lives. I felt their rags upon my back; I walked with my feet in their tattered shoes; their desires, their wants – everything passed into my soul," he said of those nocturnal walks.

After a few pot-boilers, he wrote the first of the hundred or so tales of Parisian and provincial life – *Le Père Goriot, La Cousine Bette* – that make up the Comedie Humaine. They were instantly successful and soon he was the most famous novelist in France.

A good literary biography has at its heart the flow between the life and work, the key impulses towards fictional creation. In Balzac's case, they were consciously bound up with sexual energy – he told Dumas that a night of love cost half a volume and that "no woman alive is worth two volumes a year." His books are laced with the battle between desire and ascetism. The hero of *The Magic Skin* has opera glasses equipped with a monocle which turns sexiness to ugliness, and so watches the beautiful women on stage without yearning. But Balzac's major figures are corrupt sensualists, androgynes like Vautrin, Rastignac and de Rubrempre, who had a profound influence on *fin -de-siècle* decadence – Rubrempre's death, said Wilde, was "one of the greatest tragedies of my life."

Robb probes the psychological depths of neither the man nor the novels. Instead, he loses his subject in a whirl of social climbing, adulterous aristocrats and possible illegitimate children. Only the turning point of Balzac's life cuts through this morass. In 1832, he received a fan's letter from Odessa signed *L'Etrangère*. He was so taken by it that he placed an answer in the Gazette de France. Fifteen years of love letters and rare meetings with Madame Hanska, a Polish countess, followed.

BALZAC
by Graham Robb
Picador £20, 521 pages

STENDHAL
by Jonathan Keates
Sinclair Stevenson £20, 446 pages

Love and money play on each other throughout the Comedie Humaine, and so in life. "All my other passions were just a deposit for this one," Balzac said. He lived well and overspent; when her husband died Mme Hanska held off from him because he lacked the financial acumen of his characters.

After years of madcap trips to Poland mixed with 18-hour working days, he married her. Five months later he was dead. "I always found them sitting by the fireside and they talked and talked until morning. Whatever could they find to talk about for so long?" recalled the valet who brought them coffee in the small hours. Anecdotes like these are the high points of an enthusiastic but flawed biography.

Balzac, Zola and Flaubert are all popular classics in England but among French 19th century novelists, none is regarded with more suspicion here than Stendhal. Balzac called Stendhal the Machiavelli of the 19th century and for the English, Stendhal's reputation as a grey and difficult Gallic literary anatomist is one that not even last year's bodice-ripping television version of *Scarlet and Black* managed to overcome.

This stunning new biography will change our view of Stendhal for good. In the "vast, gorgeous tracts" of Stendhal's life as a Napoleonic soldier and lover, Jonathan Keates sees a complex man whose sensuality and "massively humane curiosity" lay behind every line he wrote.

Here is Stendhal whose great panoramic novel, *Scarlet and Black* and *The Charterhouse of Parma*, emerged out of his own passions and disappointments and are warm human dramas. Keates makes clear how Stendhal's revolutionary bridging of the gap between Romanticism and 19th century realistic fiction had much to do with a temperament torn between nostalgia and cynicism. This is an exhilarating portrait; sensitive, original, perfectly pitched between art and life.

Stendhal was born Henri Deyle in 1783 and it is as a figure formed by 18th century values that Keates depicts him. He came from a well-off Grenoble family, slipped into a post in the Ministry of War, and from 1800 followed Napoleon's campaign in Italy and Austria. He was small, ugly and obsessed by physical beauty in others, and he spent most of his time in salons and opera houses, pursuing aristocratic hostesses and singers. After the fall of Napoleon he retired to Italy, adopted his pseudonym and began to write. At 59, unmarried, syphilitic and obscure, he dropped dead in a Paris street.

At once refined and emotionally wild, Stendhal sings out from these pages like a character from a Mozart opera. He was, says Keates, a sexual freebooter who "found a notion of obtaining happiness from a virtuous woman wholly inconceivable." Often he played Don Giovanni – driven by sexual intrigue, he marked the date of conquests on his braces, and recorded them in a secret code. He bribed maids, hid in trunks to spy on unfaithful mistresses, hung towels from his balcony to tell lovers when it was safe.

But despite the opera buffo roles it was a series of tortured unconsummated obsessions which fuelled his art. Alexandrine was the muse for Gina de Sanseverina in *The Charterhouse of Parma*. A fixation on a high-handed Italian countess called Metilda inspired his heroine Mathilde de la Mole.

War and love made up his life, but he was neither greatly successful nor ambitious in either, and Keates suggests that it was a backwards glance at his roving existence which created the ambivalent tone of *Scarlet and Black* (1830).

A lifetime's emotions tumbled out in this novel. The mercantile mayor was modelled on his greedy father; elusive Madame de Renal on his adored mother. The opera fanatic's penchant for romantic theatricality battles with Stendhal the cool modernist, who wins out. The moral of *Scarlet and Black* is that "the men we honour are simply rogues who have been lucky enough not to get caught red-handed".

Stendhal saw his novel as a journey down the highway which reflected the "blue of the skies and the mire of the road below". Keates marvellously captures both aspects of the man and his work.

Fiction/Joan Smith

The language of self-obsession

Speaking in the voice of her character Sappho, Jeanette Winterson writes in *Art & Lies*, "In the beginning was the Word. And at the end". There is a truth and an evasion here, for Winterson's obsession is certainly with language – specifically the language of the Authorised Version of the Bible – rather than the novelist's incunabula of character and plot.

The evasion, however, lies in the way she uses this admitted preoccupation to mask her true literary project. At first glance Winterson's trajectory as a novelist has been an uncertain one, so much so that her second novel, *Boating for Beginners*, has now been relegated by its author to the status of "comic book" in her list of previous works. Readers and reviewers alike refer nostalgically to her hugely successful debut, *Oranges Are Not The Only Fruit*, and tend to regard her most recent novels – *Written on the Body* and now *Art & Lies* – as both difficult and a departure from what she originally appeared to promise.

Art & Lies arrives with a whimsical sub-title, "A Piece for Three Voices and a Bawd," which immediately signals that it is not concerned at any level with realism. The voices belong to Handel, a defrocked priest and breast surgeon; Picasso, a young woman who has been sexually abused by her brother and who longs to be a painter; and Sappho, the lesbian poet. In between we hear from Doll Sneerpiece, a scatological type which has been a stock feature of Winterson's fiction since *The Passion*.

Handel, Picasso and Sappho end up together on a train, although there is nothing in the novel as conventional as dénouement. Yet while *Arts & Lies* is determinedly abstruse and experimental, there is a sense in which it is a wholly logical step in Winterson's literary development. Its "voices", especially that of Sappho, are frequently indistinguishable from that of the unnamed narrator of *Written on the Body;* both, for all their declared subjugation to the women they love, are blatantly self-regarding.

ART & LIES
by Jeanette Winterson
Jonathan Cape £14.99, 294 pages

Winterson's fictional love-objects are a striking weakness of her work, from the sick, etiolated Louise in *Written on the Body* to the insubstantial Picasso in *Art & Lies*. In dramatic contrast, her lovers are of heroic or even monstrous proportions, reaching their apotheosis in the greedy, devouring narrator of *Written on the Body*.

Winterson's interest in love and passion tends to reveal itself in the form of intense self-examination in the part of the lover, with whom she often appears to identify, rather than of the beloved.

Indeed her rejection of character and plot in *Art & Lies* can be seen as an increasingly confident attempt to liberate herself from the necessity to mask her solipsism; the subject which has always engrossed her, from the fictionalised autobiography of *Oranges Are Not The Only Fruit* to the magisterial pronouncements on life and art in this latest novel, is her own development.

It is a truism that Winterson's obsession with Biblical language can be traced back to her upbringing as a teenage evangelist. *Art & Lies* declares this influence from start to finish; "Kiss me with the pulled-apart open space, demolition of propriety, rebuilding of a place of worship among an upright people". And, on the same page: "The word and the kiss are one."

Yet the point about the language of the King James Bible is that, for all its flights, it is anchored by an unshakeable belief in the existence of God. Without this centre the words become meaningless, which is the direction in which Winterson's verbal pyrotechnics have begun to tend.

Yet the evidence of her novels, particularly *Art & Lies*, is that Winterson is bent upon the creation of an alternative centre which is not the Word but the endlessly-fascinating self.

Blood ties that bind

One day in late July 1976, Mikal Gilmore, a young music journalist, came across a headline in a newspaper: "Gary Mark Gilmore, 35, was charged with the murders of two young clerks during the holdup of a service station and motel..." He read on dazed and confused, about how both of the two dead men were Mormons, about the same age as himself, both with a wife and children. He read all about the crimes of Gary Gilmore, his brother, and realised that he had become, suddenly, yet ineluctably, "the brother of a man who murdered innocent men."

One day in late July 1991, Lionel Dahmer, a middle-aged Milwaukee chemist, turned on the eleven o'clock news and saw his son's face fill the screen. Jeffrey Dahmer was under arrest as a serial killer. Switching from channel to channel, he saw the same face flash before him, accompanied by reports of Jeffrey Dahmer's grisly crimes. He turned to his wife and said, "Maybe some day this will all be over." "This," she replied, "will never be over." He sensed that she was right: "We were no longer merely parents," he reflected, "and we never would be again. We were the parents, and I, in particular, was the father of Jeffrey Dahmer."

Gary Gilmore and Jeffrey Dahmer became well-known for their inhumanity. Gilmore, cold, unrepentant and arrogantly resolute, became the most famous killer in America when, after being sentenced to death, he waived all rights of appeal and insisted that his execution be carried out. His case became an international news event, and he went to the firing squad with Norman Mailer signed up to write his story and the movie rights sold. Dahmer, withdrawn and aloof, sat impassively in court as his shocking crimes were discussed in excruciating detail: at least 17 murders; cannibalism; human body parts stored in the refrigerator; male genitalia kept preserved in formaldehyde; and a full human skeleton hanging in the wardrobe. From the start of his trial until the moment, several weeks later, when he was sentenced to 957 years in prison, he was never out of the news.

Murder, as W.H. Auden said, is "a negative creation." Its impact is profound, forcing attention not merely on the killer and the victim but also on those they knew and lived with. Neither Mikal Gilmore nor Lionel Dahmer wanted – or expected – to be famous, yet both of them, because of the actions of others, blood relations, found themselves, their lives and their families changed almost beyond comprehension. Gilmore's remarkable, sensitively written *Shot in the Heart*, and Dahmer's less illuminating yet painfully compelling *A Father's Story*, tell the story of the intimate onlooker, the public story that neither man can escape from in private.

SHOT IN THE HEART: ONE FAMILY'S HISTORY IN MURDER
by Mikal Gilmore
Viking £16, 403 pages

A FATHER'S STORY
by Lionel Dahmer
Little, Brown £15.99, 255 pages

The initial news of their unwitting involvement in a terrible event elicited a similar reaction from both men. Dahmer, a quiet man who prided himself on his calm, orderly, "rational" life, felt disorientated and a growing sense of panic, alarmed that his son "was taking me down with him, dragging me into the utter chaos that he had made of his life, and doing it publicly." Gilmore felt a mixture of grief, anger and humiliation, suddenly "stuck inside" his brother's notoriety. "Our lives had overnight exploded in a way that we could never have imagined." Gilmore recalls, "and for a long nightmare season, our history, our sins, and our shame became part of a pageant that was headed inexorably toward a public death."

After the shock came the search for an explanation. Dahmer the scientist finds it difficult to avoid blaming genes, as though there is guilt in the simple fact of the bloodline itself. He remembers the first time he set eyes on his newly-born son ("I stared at him, astonished at how much he looked like me"), and half-forgotten childhood mischief, which once seemed so innocent, now assumes a sinister significance. Gilmore prefers a more speculative approach, exploring the ghosts and myths in his family's history, searching through the house "where murder is born" in the hope of uncovering "a key to unlock its secrets," an event "that might explain what produced so much loss and violence."

It is a painful, and seemingly endless, process of self-analysis, conjecture and confession for both men. Gilmore admits that part of his fear is the thought that he will never know the truth, while part is that he will find out more truth than he can possibly live with. Dahmer confesses that he remains "in the grip of a great unknowing", both in terms of his son and of his "effect upon him as a father, by omissions and commissions." Although both men do their best to mourn the actual victims of the murders, and to come to terms with the murderer they once knew and loved, the thing that they both mourn most poignantly is the future that they are now unable to live.

Graham McCann

Change and decay

***David Housego** on a reassessment of the Nehru legacy*

There has been a dearth of good political memoirs in India since Independence. Civil servants have felt too inhibited by the constraints of the Official Secrets Act to tell much that is new – or else have been unable to break free from the colourless bureaucratic style that has long cramped the growth of the English language in India. Politicians have been unwilling to rattle the skeletons gathering dust in the long years in which the Nehru family have dominated Indian politics. Thus the few good memoirs to have surfaced have been from writers/diarists like Raj Thapar, whose *All These Years* shed light on some of the humiliating compromises and failures of nerve amongst politicians and officials that allowed Mrs Gandhi to ride roughshod over the country's political institutions during the Emergency in the 1970s.

Patwant Singh is in this tradition. He is neither civil servant nor bureaucrat. But like Raj Thapar, he is part of the relatively small elite whose connections have had a place in most administrations. Son of a wealthy Sikh business family, he founded India's first design magazine. He developed a taste for politics and international affairs, and branched out as columnist, author and crusader over issues close to his heart – saving Delhi's architectural heritage, or human rights in the Punjab. Self confident in his opinions, and never frightened of expressing them, he writes clearly and wittily. He is sharp in his comments on politicians but disappointingly reticent in his judgment of many other contemporaries.

Patwant's theme is decay. He draws on the two sides of his career – design and politics – to underline the same message. The deterioration of Delhi's urban landscape through ugly high rise buildings and urban sprawl has been matched since independence by the erosion of political institutions and values. He holds Mrs Gandhi's short term political manoeuvring and unscrupulousness as largely responsible for many of the ills from which India now suffers – the accelerating pace of corruption, the undermining of the the judiciary, and the growth of regional conflicts in the Punjab and in Kashmir.

OF DREAMS AND DEMONS: AN INDIAN MEMOIR
by Patwant Singh
Duckworth £16.99, 216 pages

As a Sikh, Patwant's anger is focussed on the hatred Mrs Gandhi stirred up in the Punjab – which resulted in the end in her own assassination and the barbaric anti-Sikh riots that followed. He curtly sums her up as "an irresponsible politician whose basic shortcoming was an absence of permanent values."

He has much more respect for her father Jawarhlal Nehru – matched by a greater contempt for her two sons Rajiv (who also became Prime Minister) and Sanjay. But it is clear that with India now turning away from the socialist, pro-Soviet policies that marked most of the long period of rule by the Nehru family, we are in for a major reassessment of their legacy.

Patwant is at his best in the first two thirds of this book. He weaves together incidents from his personal life with the history unfolding before him. The opportunities that open up to him personally have their parallels in the challenges facing a country newly independent. In the final chapters, his personal voice is drowned as indignation takes over.

His conclusions are too gloomy. He was writing before the last state assembly elections when it had seemed that the Hindu BJP party would come to power and the country be torn by renewed conflict. The BJP did badly and for the moment is demoralised. At the same time, India is getting a much needed injection of fresh ideas as it opens up its economy. Patwant, like many Indian nationalists, has divided views about the growth of foreign influence. But without it, India would have got stuck in a rut – both economic and intellectual.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Felix the Cat. 7.45 Joe 90. 8.10 The Flintstones. 8.35 Round the Twist. 9.00 Parallel 9. 10.52 Weather.

10.55 Grandstand. Introduced by Desmond Lynam. 11.00 Cricket: Third Test. England v New Zealand from Old Trafford. 1.00 News. 1.05 Football Focus: World Cup news. 1.30 Tennis: Wimbledon '94. The Women's Singles Final from the All-England Club. Times may vary.

5.05 News.

5.15 Regional News and Sport.

5.20 Hit the Road. Team captains Jonathan Coleman, Annabel Giles and John Leslie urge DJ Bruno Brookes, TV presenter Andy Crane, wine expert Jilly Goolden, comedian Mickey Hutton, EastEnder Nicola Stapleton and radio broadcaster Carol Thatcher to perform a variety of bizarre tasks in Torquay. This week's challenges include the creation of a desert island, complete with its own resident castaway and a selection of their favourite discs.

5.55 Film: The Four Musketeers. The heroes engage in another battle against the villainous Rochefort and his accomplice Milady de Winter. Spirited swashbuckler, with Oliver Reed, Michael York and Charlton Heston (1974).

7.40 Pop Quiz. Marcella Detroit, Toby Jepson and Patric take on Des'ree, Jarvis Cocker and Chesney Hawkes in the music game.

8.10 Morecambe and Wise. Special showcase commemorating Britain's favourite comedy duo, with a selection of highlights including Angela Rippon's dance routine. Last in series.

8.40 News and Sport; Weather.

9.00 World Cup Grandstand. The runners-up in Groups A and C clash in the Robert F Kennedy Stadium, Washington. The sudden death phase of the tournament has begun, with all the drama and excitement that entails. Plus, highlights of tonight's other match from Chicago. In the event of extra time and penalties, subsequent programmes may run late.

11.30 Cricket: Third Test. England v New Zealand. Highlights of the third day's play.

12.10 Film: Blood Vows. A newlywed realises too late that she has married into the Mob. Thriller, starring Melissa Gilbert, Joe Penny and Talia Shire (1987).

1.40 Weather.

1.45 Close.

BBC2

6.00 Open University.

12.15 Film: The Hunchback of Notre Dame. Charles Laughton plays the deformed bellringer in this classic remake of Victor Hugo's story, with Maureen O'Hara as the beautiful gypsy. Also starring Cedric Hardwicke and Thomas Mitchell (1939).

2.10 The Sky at Night. Patrick Moore investigates Black Holes.

2.30 Scrutiny. Investigation into recent medical evidence suggesting high levels of traffic pollution are contributing to an increase in cases of asthma, bronchial problems and childhood leukaemia.

3.00 Cricket and Wimbledon '94. Cricket: Third Test, England v New Zealand – the third day from Old Trafford. Tennis: Further coverage from the All-England Club. Subsequent programmes may run late.

8.30 One Small Step: Fly Me To The Moon. This program looks at some of the 93,000 people who, more than 20 years ago, signed up as passengers on Pan Am's first commercial moon flight. It asks how their quest for action and adventure has been affected by marriage, children and growing old. Last in series.

9.00 Seinfeld. Jerry becomes obsessed with an attractive but shallow actress he meets by chance in a lift. American comedy, starring Jerry Seinfeld, Jason Alexander and Michael Richards.

9.25 BBC Design Awards 1994. Viewers vote on the five shortlisted graphic designs, as reporters judge the public's reaction to the posters and packaging.

9.40 Today at Wimbledon. Sue Barker introduces highlights of the Women's Singles Final from the All-England Club, and interviews the winner of this third Grand Slam of 1994. Plus, a look ahead to tomorrow's Men's Singles Final.

10.40 Fine Cut. Distinguished film-maker Frederick Wiseman visits Central Park East high school in Harlem, the oldest ghetto in the US, and reveals how teachers and students are working together in a radical way to improve educational standards and achievement.

2.30 Close.

LWT

6.00 GMTV. 9.25 Gimme 5. 11.30 The ITV Chart Show. 12.30pm Opening Shot.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 World Cup '94: Dallas Brunch. Tony Francis profiles leading tournament players and personalities as the second-phase knockout section begins.

1.40 Movies, Games and Videos. Reviews of Bad Girls, starring Madeleine Stowe and Andie MacDowell; Paul Hogan in Lightning Jack; and Mickey Rourke's western, The Last Outlaw.

2.10 Film: Doctor at Sea. Comic misadventures abound when Simon Sparrow signs up as a ship's doctor. Dirk Bogarde, Brigitte Bardot and James Robertson Justice star (1955).

3.45 Life Goes On.

4.45 ITN News; Weather.

5.00 London Today; Weather.

5.15 Bullseye.

5.45 World Cup '94. The winners of Group C, which contained world champions Germany and European rivals Spain, kick off the second phase with a match against the A, B or F third-placed team at Soldier Field, Chicago. Which nation will be the first to secure its place in the quarter-finals? In the event of extra time and penalties, subsequent programmes may run late.

8.00 Stars in Their Eyes. Soundalikes take the stage as Ali Campbell, Helen Reddy, Cliff Richard, Justin Hayward and Eddi Reader. Introduced by Matthew Kelly.

8.45 ITN News; Weather.

8.55 London Weather.

9.00 Film: The Delta Force. An elite squadron takes on terrorists who have hijacked a charter flight bound for Athens. Action adventure, with Chuck Norris, Lee Marvin and Martin Balsam (1986).

11.20 Film: My Father, My Son. The true story of a US admiral who inadvertently caused his son's cancer by authorising the use of Agent Orange defoliant in Vietnam. Karl Malden stars (TVM 1988).

1.05 Tour of Duty; ITN News Headlines.

2.00 The Big E.

2.55 Get Stuffed; ITN News Headlines.

3.00 New Music.

4.00 BPM.

5.00 Hot Wheels.

CHANNEL4

5.00 4-Tel on View. 6.35 Early Morning. 10.00 Trans World Sport. 11.00 Gaelic Games. 12.00 Sign On: Newswatch. 12.30pm A Girl's Fate/Ladkiyan.

1.05 Film: Folies Bergere. Maurice Chevalier stars in two roles: as an aristocratic banker and the stage entertainer hired to impersonate him. Musical comedy, with Merle Oberon (1935).

2.30 Racing from Sandown. Coverage of the 2.45 Odds On Magazine Stakes (H'cap), 3.20 Advanced Micro Devices Sprint Stakes, 4.05 Coral-Eclipse Stakes and the 4.40 Sandown Stakes (H'cap).

5.05 Brookside; News Summary.

6.30 Opening Shot. New series. Children's arts magazine, beginning with a report on aspects of ballroom dancing, from practice studio to international competition arena. Professionals Corky and Shirley Ballas display their skills, and we meet two British Flamenco stars as they prepare for a show in Andalusia.

7.00 Restless in Thought, Disturbed in Mind. Tribute to female singers who achieved important status in the opera world, featuring performances by Emma Kirkby, Jane Manning, Carol Court and Alwyn Mellor, and contributions from historian John Rosselli, composer Judith Weir and opera director Francesca Zambello. Part of the Secret Chamber: Women in Music season.

8.00 Tour De France. The world's most challenging cycle race begins with the 7km time-trials around the town of Lille.

8.30 The Sexual Imperative. An examination of mankind's capacity for consistent sexual activity, including a look at why women do not transmit overt signals to their partners when they are most fertile.

9.30 Memories in Store. The stories behind items stored in an old warehouse, including a pair of wartime combat boots.

10.00 The Unpleasant World of Penn and Teller. Macabre magic.

10.30 Film: Love and Death. Historical comedy about a reluctant hero and his even more unwilling bride's hapless efforts to assassinate Napoleon. Woody Allen stars (1975).

12.00 Late Licence.

12.10 Herman's Head.

12.45 Just for Laughs.

1.15 Passengers.

2.15 Naked City.

3.00 Beavis and Butt-Head.

3.30 Packet of Three.

4.15 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.05 Anglia News. 1.40 Nigel Mansell's IndyCar '94. 2.10 The Scarlet Pimpernel. (TVM 1982) 5.00 Anglia News and Sport 5.55 Anglia Weather. 11.25 Day of Terror, Night of Fear. (TVM 1978)

BORDER: 12.30 Movies, Games and Videos. 1.05 Border News. 1.40 Nigel Mansell's IndyCar '94. 2.10 The Last Day. (TVM 1975) 4.00 Superstars of Wrestling. 4.55 Border News and Weather 5.00 Cartoon Time. 11.25 Day of Terror, Night of Fear. (TVM 1978)

CENTRAL: 12.30 America's Top 10. 1.05 Central News 2.10 Rocksport. 2.30 The Mountain Bike Show. 3.00 WCW Worldwide Wrestling. 3.50 MacGyver. 5.00 Central News 5.05 Cartoon Time. 8.55 Local Weather. 11.20 The Restaurant Show.

GRAMPIAN: 12.30 Cruinne Ce. 1.05 Grampian Headlines 1.40 Telefios. 2.10 Tread Softly. (1952) 3.30 Nigel Mansell's IndyCar '94. 4.00 Superstars of Wrestling. 5.00 Grampian Headlines 5.05 Grampian News Review. 8.55 Grampian Weather. 11.25 Day of Terror, Night of Fear. (TVM 1978)

GRANADA: 12.30 Movies, Games and Videos. 1.05 Granada News 1.40 Nigel Mansell's IndyCar '94. 2.10 The Last Day. (TVM 1975) 4.00 Superstars of Wrestling. 4.55 Granada News 5.00 Cartoon Time. 11.25 Day of Terror, Night of Fear. (TVM 1978)

HTV: 12.30 World Cup Hall of Fame. 1.05 HTV News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Lt Robin Crusoe USN. (1966) 4.15 Movies. Games and Videos. 5.00 HTV News. 5.05 Cartoon Time. 8.55 HTV Weather. 11.25 Day of Terror, Night of Fear. (TVM 1978)

MERIDIAN: 12.30 Heidi. 1.05 Meridian News. 1.40 Nigel Mansell's IndyCar '94. 2.10 Old Yeller. (1957) 3.45 The A-Team. 5.00 Meridian News. 5.10 Cartoon Time. 11.25 Crime Story.

SCOTTISH: 12.30 An Innis Aigh (The Happy Isle). 1.05 Scotland Today. 1.40 Telefios. 2.10 Gunsmoke II: The Last Apache. (1990) 3.50 The A-Team. 5.00 Scotland Today 5.05 Cartoon Time. 8.55 Scottish Weather. 11.25 Local Heroes. 11.55 Night Walk. (1989)

TYNE TEES: 12.30 Movies, Games and Videos. 1.05 Tyne Tees News. 1.40 Zorro. 2.05 Gemini Man: Code Name Minus One. (TVM 1976) 3.50 Knight Rider. 4.55 Tyne Tees Saturday 11.20 Shattered Spirits. (TVM 1986)

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.05 Westcountry News. 1.40 Nigel Mansell's IndyCar '94. 2.40 What a Way to Go! (1964) 5.00 Westcountry News. 11.25 Day of Terror, Night of Fear. (TVM 1978)

YORKSHIRE: 12.30 Movies, Games and Videos. 1.05 Calendar News. 1.40 Zorro. 2.05 Gemini Man: Code Name Minus One. (TVM 1976) 3.50 Knight Rider. 4.55 Calendar News. 11.20 Shattered Spirits. (TVM 1986)

S4C Wales as Channel 4 except:- 7.00 Early Morning. 10.00 Ffair Sadwrn. 12.30 Running the Halls. 12.55 Transworld Sport. 1.55 Hang on a Second. 2.05 Night Mail. 6.30 Palin's Column. 7.00 Newyddion. 7.10 Gemau Heb Ffiniau: Jeux Sans Frontieres. 8.30 Llygaid Sgwar. 8.55 '69 A Chroeso. 9.25 Y Dadwisgo. 9.40 Tour De France. 10.10 No Problem. 10.25 Dream Demon. (1988)

SUNDAY

BBC1

7.30 Johnson and Friends. 7.40 Playdays. 8.00 Telling Tales. 8.15 Breakfast with Frost. 9.15 Faith to Faith. 9.30 This is the Day in the World of Politics. 10.00 See Hear! 10.30 Breaking Glass. 11.00 Computing for the Less Terrified. 11.30 Birthrights.

12.00 CountryFile. Rural and agricultural concerns.

12.25 Weather for the Week Ahead; News.

12.30 Grand Prix. Live coverage of the French Grand Prix from Magny-Cours, near Nevers. Commentary by Murray Walker and Jonathan Palmer. Nigel Mansell returns to Formula One for a "guest appearance" with Frank Williams' team as it makes a bold bid to retain the Constructors' Championship. Williams hopes that by installing the former world champion alongside Damon Hill they will increase the pressure on Michael Schumacher and Benetton.

3.00 EastEnders.

4.25 Masterchef. Prue Leith and Lord St John of Fawsley judge the culinary efforts of contestants vying for the title of Masterchef 1994.

5.05 Sweet Inspiration. Alan Titchmarsh talks to Labour MP Frank Field, whose crusade against poverty was inspired by his own difficult childhood.

5.40 News.

6.00 Film: The Boy Who Could Fly. A teenage girl begins to suspect that her autistic friend is hiding an amazing secret. Bittersweet drama, starring Jay Underwood, Lucy Deakins and Bonnie Bedelia (1986).

7.45 Last of the Summer Wine. Foggy plans a spectacular royal jubilee celebration – and ropes a reluctant Compo and Clegg into his scheme. Vintage comedy, starring Brian Wilde.

8.15 Love on a Branch Line. Civil servant Jasper Pye finally reaches a decision about the research operation, but fate intervenes when Miss Tidy makes a surprise announcement. Final episode of David Nobbs' comedy, starring Michael Maloney.

9.05 News and Weather.

9.20 World Cup Grandstand. The winners of Group A take on the third-placed team from Group C, D or E in the Rose Bowl, Los Angeles.

11.30 Film: Last Summer. Drama about the sexual awakening of four teenagers at a beach resort. Richard Thomas and Barbara Hershey star (1969).

1.00 Weather.

1.05 Close.

BBC2

6.15 Open University. 9.10 Fiddley Foodle Bird. 9.25 Space Vets. 9.40 Fievel's American Tales. 10.05 The Movie Game. 10.30 Grange Hill. 10.55 FOT. 11.20 White Fang. 11.45 The O Zone. 12.00 Around Westminster. 12.30pm Gunsmoke.

1.20 Sunday Grandstand. Introduced by Desmond Lynam. Tennis: Wimbledon '94. Full coverage of the Men's Singles Final from the All-England Club. Commentary by John Barrett and Mark Cox. Motor Racing: News of this afternoon's French Grand Prix at Magny-Cours. Football Focus: World Cup news. Subsequent programmes may run late.

8.00 Under the Sun. A report on the sport of bull racing on the tiny eastern Javanese island of Sapudi, which is considered a test of strength and skill. The film reveals the animals' unusual diets and the training methods undertaken by jockeys, and follows the 20-year-old reigning champion, Ayup, as he prepares to meet rivals from the neighbouring island of Madura in the annual tournament. At stake is not only lavish prize money, but also the community's sense of pride and identity.

8.50 Monty Python's Flying Circus. Rerun of the 1969 series of the classic cult comedy, written by and starring Graham Chapman, John Cleese, Eric Idle, Terry Jones and Michael Palin.

9.20 Grand Prix. Highlights of this afternoon's French Grand Prix from Magny-Cours. Murray Walker and Jonathan Palmer commentate on the seventh round of the Formula One Drivers' and Constructors' Championships. There will be a focus on Nigel Mansell's return to the grid, alongside Damon Hill, after more than two years away.

10.00 Today at Wimbledon. Sue Barker introduces highlights of this afternoon's Men's Final at the All-England Club.

11.00 Moviedrome. Alex Cox introduces tonight's film.

11.05 Film: The People Under the Stairs. Premiere. A young boy (Brandon Adams), trapped in a murderous couple's house, discovers a basement full of deranged teenagers. Horror, with Everett McGill (1991).

12.50 Close.

LWT

6.00 GMTV. 9.25 The Littlest Hobo. 10.15 Link. 10.30 Sunday. 11.00 Morning Worship. 12.00 Sunday. 12.30pm Crosstalk; London Weather.

1.00 ITN News; Weather.

1.10 100 Women. New series. Provocative and informative debate from a female perspective, chaired by Sheena McDonald.

2.00 Film: Ironside. Raymond Burr stars as the wheelchair-bound detective in this pilot for the long-running TV series (TVM 1967).

3.45 Highway to Heaven.

5.10 London Today; Weather.

5.20 ITN News; Weather.

5.30 World Cup '94. The runners-up in Groups F and B meet in the Cotton Bowl, Dallas, for a place in the quarter-finals. Holland and Belgium were the favourites to gain the automatic qualifying spots from Group F, and one of them could face either Brazil or Sweden in tonight's second-round tie. In the event of extra time and penalties, subsequent programmes may run late.

8.00 You've Been Framed!

8.30 Film: Men Don't Leave. A recently widowed women fights against the odds to keep her family together. Comedy drama, starring Jessica Lange, Chris O'Donnell and Kathy Bates (1990).

10.35 ITN News; Weather.

10.45 London Weather.

10.50 Film: The Lady From Yesterday. A Vietnamese woman brings turmoil into the life of a married executive with whom she once had an affair. Drama, starring Wayne Rogers and Bonnie Bedelia (TVM 1985).

12.35 The Restaurant Show.

1.05 Married – With Children.

1.35 Get Stuffed; ITN News Headlines.

1.40 Cue the Music.

2.40 Get Stuffed; ITN News Headlines.

2.45 Film: A Private's Affair. Forces comedy, with Sal Mineo (1959).

4.25 Snooker: The European League.

5.15 Whalesong.

CHANNEL4

6.10 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie.

12.45 Film: Ball of Fire. Seven academics give shelter to a brash stripper on the run from a vicious gangster. Bawdy comedy, starring Barbara Stanwyck and Gary Cooper (1942).

2.45 Air Pirates of the Outback. Puppet animation.

3.00 LA Divine. Christopher Hitchens explores some of the more offbeat cults and religious broadcasts in Los Angeles, from Aimee Semple MacPherson's 1930s Radio Temple to Robert Schuller's nationwide Hour of Power. There is also an interview with Timothy Leary, the 1960s LSD advocate.

4.00 Film: I Was a Male War Bride. Comedy, stars Cary Grant as a French soldier who marries American officer Ann Sheridan in Germany, only to discover that he can only accompany her to the US by posing as a woman (1949).

5.55 News Summary.

6.00 Tour De France. Stage One: Euralille to Armentieres, 229km. This is a relatively flat stage and is expected to be won by a sprinter rather than an all-round rider.

6.30 The Cosby Show.

7.00 As It Happened: The Killing of Kennedy. Definitive account of President John F. Kennedy's assassination, featuring witness testimony and rare footage. There is an interview with former governor of Texas John Connally, who was wounded in the shooting.

8.45 Blond Eckbert. Judith Weir's operatic adaptation of Ludwig Tieck's 18th-century German novella, a psychological thriller about a couple whose marriage changes after a visit from an acquaintance. Starring Nicholas Folwell, Anne-Marie Owens and Christopher Ventris.

10.05 Film: The Sheltering Sky. Premiere. Mismatched marrieds John Malkovich and Deborah Winger attempt to resolve their differences during an African jaunt (1990).

12.40 Islamic Conversations. Malaysian finance minister Anwar Ibrahim on his country's approach to multi-culturalism within Islam. Last in series.

1.10 Film: My Friend Ivan Lapshin. Russian drama set during the harsh winter of 1935. Starring Andre Boltnev (1986). (English subtitles).

3.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.30 Countrywide. 12.55 Anglia News. 1.10 100 Women 2.00 Father Dowling Investigates. 2.55 Airport '77 (1977). 5.00 Anglia News on Sunday. 10.45 Anglia Weather. 10.50 Street Legal. 11.45 Lightning Jack Special.

CENTRAL: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.30 Central Newsweek. 12.55 Central News 2.00 It's Your Shout. 2.35 Take 15. 2.50 Gardening Time. 3.20 Gnomes. 4.15 Murder, She Wrote. 5.10 Central News 10.50 Sledgehammer. 11.20 Prisoner: Cell Block H.

GRANADA: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.25 Chalte Chalte. 12.55 Granada News 2.00 The Scarlet and the Black (TVM 1983). 4.15 Coronation Street. 5.15 Granada News 10.50 The Hidden Room. 11.25 Prisoner: Cell Block H.

HTV: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.25 The Littlest Hobo. 12.55 HTV News. 2.00 Great Warbirds. 3.10 An Invitation to Remember. 3.40 Stuntmasters. 4.15 On Your Street. 4.45 Great Westerners. 5.15 HTV News. 10.45 HTV Weather. 10.50 Prisoner: Cell Block H. 11.50 Adventure.

MERIDIAN: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.30 Seven Days. 12.50 Meridian News. 2.00 Life Goes On. 2.55 36 Hours (1964). 5.00 Cartoon Time. 5.15 Meridian News. 10.50 Murder, She Wrote. 11.50 Serve You Right.

SCOTTISH: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 11.00 Sunday Service. 11.45 Eikon. 12.30 Skoosh. 12.55 Scotland Today. 2.00 Starting from Scratch. 2.30 Tora! Tora! Tora! (1970). 5.05 Cartoon Time. 5.15 Scotland Today 10.45 Scottish Weather. 10.50 The Hunter (1980).

TYNE TEES: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.25 Newsweek. 12.55 Tyne Tees News. 2.00 Highway to Heaven. 2.55 Conspiracy of Love (1987). 4.50 Tyne Tees Weekend. 10.50 MacGyver. 11.45 Late Night Romantics.

WESTCOUNTRY: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.30 Westcountry Update. 12.55 Westcountry News. 2.00 My Story. 2.15 Dogs with Dunbar. 2.45 Brief Encounters. 3.15 Round the World in 74 Days. 3.45 Red Arrows Over America. 4.45 Blooming Marvellous. 5.15 Westcountry News. 10.50 One and All on Show. 11.20 Prisoner: Cell Block H.

YORKSHIRE: 9.25 The New Scooby Doo Movies. 10.05 Cartoon Time. 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 Conspiracy of Love (1987). 4.40 Cartoon. 4.50 Calendar News and Weather 10.45 Local Weather. 10.50 MacGyver. 11.45 Late Night Romantics.

S4C Wales as Channel 4 except:- 7.05 Early Morning. 8.55 Gaelic Games. 9.55 Rawhide. 10.50 Babylon 5. 12.45 Mork and Mindy. 1.15 Encounters: Shark Wars. 2.15 Champion (TVM 1989). 4.00 Graham Taylor: The Impossible Job. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.20 Chwarae Plant. 7.45 Cyngerdd Mawreddog Brenhinol. 9.05 Hel Straeon. 9.35 Newyddion. 9.40 Saith Ar y Sul. 10.00 San Steffan. 10.20 Tour De France. 10.50 The Hustler (1961).

RADIO

SATURDAY

BBC RADIO 2

6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Judi Spiers. 12.00 Hayes on Saturday. 1.30 You Can't Have One Without the Other. 2.00 Roy Hudd's Vintage Music Hall. 3.00 Ronnie Hilton. 4.00 Val Doonican: The Special Years. 5.00 Nick Barraclough. 6.00 Bob Holness Requests the Pleasure. 7.00 Cinema 2. 7.30 Sweeney Todd. 10.15 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Sujata Barot.

BBC RADIO 3

6.30 Open University: Whatever Happened to the People's Home?

6.50 Weather.

7.00 Record Review.

9.00 Building a Library. Puccini's Manon Lescaut, by Michael Oliver.

10.15 Record Release.

12.00 Spirit of the Age.

1.00 Poetry in Action.

1.15 Celebrity Recital.

3.00 Giulini: All in Good Time. Britten, Prokofiev, Mahler.

5.00 Jazz Record Requests.

5.45 Music Matters.

6.30 Lohengrin. Wagner's opera of political turmoil.

11.00 Impressions.

12.30 Close.

BBC RADIO 4

6.00 News

6.10 The Farming Week.

6.50 Prayer for the Day.

7.00 Today.

9.00 News.

9.05 Sport on 4.

9.30 Breakaway.

10.00 Whatever Happened To?

10.30 The Masterson Inheritance.

11.00 (LW) Test Match Special. England v New Zealand. The Third Test from Old Trafford.

11.00 (FM) The Week in Westminster.

11.30 (FM) Europhile.

12.00 (FM) Money Box.

12.25 (FM) I'm Sorry I Haven't a Clue.

1.00 (FM) News.

1.10 (FM) Any Questions?

2.00 (FM) Any Answers? 071-580 4444.

2.30 (FM) Playhouse: The Snowfield.

4.00 (FM) That's History. Cultural review.

4.30 (FM) Science Now.

5.00 (FM) File on 4.

5.40 (FM) The Wardrobe. Underwear.

6.00 News and Sports.

6.25 Week Ending.

6.50 The Locker Room.

7.20 Kaleidoscope Feature.

7.50 Saturday Night Theatre: Rough Cider. Peter Lovesey's thriller set in the 1960s.

9.20 Music in Mind.

9.50 Ten to Ten.

10.00 News.

10.15 Word of Mouth.

10.45 Surviving in Stroke City. Gerry Anderson reflects on life in Northern Ireland.

11.00 The Tingle Factor.

11.30 Love Across the Barricades.

12.00 News.

12.33 Shipping Forecast.

12.43 (FM) Close.

12.43 (LW) As World Service.

BBC RADIO 5 LIVE

6.05 Dirty Tackle.

6.30 The Breakfast Programme.

9.00 Weekend with Kershaw and Whittaker.

11.05 Special Assignment.

11.35 Crime Desk.

12.00 Midday Edition.

12.15 Sportscall.

1.04 Sport on Five with Wimbledon '94.

6.06 Barbara Potter's Six-O-Six.

7.35 Saturday Edition.

9.35 Out This Week.

10.05 The Treatment.

11.00 Night Extra.

12.05 After Hours.

2.00 Up All Night.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:

6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World and British News. 7.15 The World Today. 7.30 Meridian. 8.00 World News. 8.15 Waveguide. 8.25 Book Choice. 8.30 People and Politics. 9.00 World News. 9.09 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News and Business Report. 10.15 Worldbrief. 10.30 Development '94. 10.45 Sports Round-up. 11.00 Printer's Devil. 11.15 Letter from America. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 Words of Faith. 1.15 Multitrack 3. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News Summary; Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 World and British News. 5.15 Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell. 7.00 News and features in German. 8.00 News Summary; A Singular Experience: solitary confinement. 8.45 From the Weeklies. 9.00 World News. 9.09 Words of Faith. 9.15 Development 94. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 Sportsworld. 12.00 Newsdesk. 12.30 Best on Record. 1.00 World and British News. 1.15 Good Books. 1.30 The John Dunn Show. 2.00 News Summary; Play of the Week: No Bed for Bacon. 3.00 Newsdesk. 3.30 The Greatest Music Festival in the World. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 End of the Pier. 4.30 Sing Something Seasonal. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 To Walk Invisible: The Hidden Life of Charlotte Bronte. 12.05 Patrick Lunt. 3.00 Steve Madden.

BBC RADIO 3

6.30 Open University: American Conversations. 6.55 Weather. 7.00 Sacred and Profane. Antoine Brumel, Bach, Brahms, Cherubini. 9.00 Brian Kay's Sunday Morning. Pieces by Glinka, Rimsky-Korsakov, Martinu and Glazunov. 12.15 Music Matters. 1.00 The Sunday Concert. 2.40 Alicia de Larrocha. Soler, Schumann, Falla, Mompou. 4.00 The BBC Orchestras. Mendelssohn, Grieg, Mahler. 5.45 Making Waves. The European film industry. 6.30 Frank Peter Zimmermann. Faure, Ives, Schubert. 7.30 Sunday Play: Little Malcolm and His Struggle against the Eunuchs. David Halliwell's 1965 play. 9.20 Music in Our Time. Bernd Alois Zimmermann, Morton Feldman, Tim Souster. 10.40 Choir Works. Mozart. 12.30 Close.

BBC RADIO 4

6.00 News.

6.10 Prelude.

6.30 Morning Has Broken.

7.00 News.

7.10 Sunday Papers.

7.15 On Your Farm. The Glastonbury Festival.

7.40 Sunday.

8.50 The Week's Good Cause.

9.00 News.

9.10 Sunday Papers.

9.15 Letter from America.

9.30 Morning Service.

10.15 The Archers. Omnibus.

11.15 Mediumwave.

11.45 Walters Beside the Seaside. New series.

12.15 Desert Island Discs.

1.00 The World This Weekend.

2.00 Gardeners' Question Time.

2.30 Classic Serial: The House in Paris.

3.30 Pick of the Week.

4.15 Analysis. Management.

5.00 Margaret Jay's Paddington. HIV infection in inner London.

5.30 Poetry Please!

6.00 Six O'Clock News.

6.15 Feedback.

6.30 The Secret Garden.

7.00 Out of the Circle.

7.30 A Good Read. Last in series.

8.00 (FM) That's History.

8.00 (LW) Open University. 8.00 Maths. 8.30 Open for Business. 9.00 Women and the Military. 9.20 Changing Identities. 9.40 Talking About the Enlightenment.

8.30 (FM) Hearing Heaven.

9.00 (FM) The Natural History Programme.

9.30 (FM) Big Bang.

10.00 News.

10.15 RUC off Duty. Royal Ulster Constabulary members discuss their private lives.

10.45 Home Truths.

11.15 In Committee.

11.45 Seeds of Faith.

12.00 News.

12.30 Shipping Forecast.

12.43 (LW) As BBC World Service.

12.43 (FM) Close.

BBC RADIO 5 LIVE

6.05 Hot Pursuits.

6.30 The Breakfast Programme.

9.00 Alastair Stewart's Sunday.

12.00 Midday Edition.

12.15 The Big Byte.

1.04 Sunday Sport with Wimbledon '94.

7.00 News Extra.

7.35 Back to the Future.

9.00 The Ultimate Preview.

10.05 Special Assignment.

10.35 Crime Desk.

11.00 Night Extra.

12.05 Nightcall.

2.00 Up All Night.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times BST:

6.00 News and features in German. 6.30 Composer of the Month. 7.00 World and British News. 7.15 Letter from America. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Music As It Was. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 The Greenfield Collection. 10.00 World News and Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News Summary; Play of the Week: No Bed for Bacon. 2.00 Newshour. 3.00 Sportsworld. 5.15 BBC English. 6.00 World News and Business Review. 6.15 Printer's Devil. 6.30 News and features in German. 8.00 Best on Record. 8.30 Europe Today. 9.00 World News. 9.09 Words of Faith. 9.15 A Question of Science. 9.30 Brain of Britain. 10.00 Newshour. 11.00 World News and Business Review. 11.15 Sportsworld. 12.00 Newsdesk. 12.30 Blooming Perfect. 1.00 World and British News. 1.15 Pop the Question. 1.30 In Praise of God. 2.00 News Summary; A Singular Experience: solitary confinement. 2.45 Music As It Was. 3.00 Newsdesk. 3.30 Composer of the Month. 4.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin.

CHESS

Grandmasters are often paranoid, but disliking your opponent too much can cloud your judgment. Gata Kamsky, the talented US No 1, has blamed setbacks in his career on Gary Kasparov. He believes Kasparov used unfair influence to blight his rival's career as a Soviet junior, provoking him to defect; and that the champion's aide spiked the American's orange juice at Linares 1991.

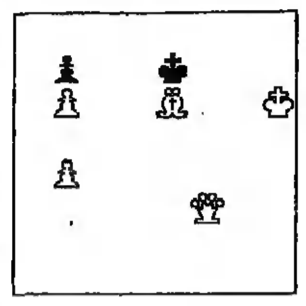
Kamsky's target is Kasparov's title, and he is a semi or quarter finalist in both the PCA and Fide versions of the world championship; but he looked psyched out earlier this year when Kasparov beat him decisively in Linares and Munich. This week Kasparov maintained his jinx at the Intel Grand Prix in New York (G Kasparov, White; G Kamsky, Black; Intel Grand Prix 1994).

1 d4 d5 2 c4 dxc4 3 e3 Nf6 4 Bxc4 e6 5 Nf3 c5 6 0-0 a6 7 Bd3 Nc6 8 Nc3 Qc7 9 a3 b6?! Both are fencing for position. Here 9...b5 is the natural reply to the cautious 9 a3. 10 dxc5 bxc5 11 Ne4 Be7 12 Bd2 Now White can mobilise rapidly, since Black's split Q-side pawns limit his activity.

Bb7 13 Bc3 Nxe4 14 Bxe4 0-0 15 Rc1 h6 16 Qa4! Anticipating Black's attempt to advance his central pawns.

f5 17 Bb1 e5 18 Nh4! Bxh4 19 Qxh4 Kasparov trades his mobility for a different asset, the bishop pair. Qf7 20 f3 Rac8 21 Rcd1 Qe6 22 Bd3 The threat Bc4 induces more weaknesses. f4 23 Rfe1 Ne7 24 exf4 Ng6 25 Qg3 Nxf4 26 Bxe5 Threatening both mate and the knight. Nh5 27 Qh4 c4 28 Bf1! Qg6 29 Rd6 Qf7 30 Qg4 Resigns The double threat Rd7 and Rxh6 gains further material.

Kasparov lost in the grand prix final to Vladimir Kramnik, 1½-½ – the third time this year the world number one has lost to the 19-year-old.



No 1028

White mates in three moves, against any defence (by O. Budde, 1886).

Solution, Page XXI

Leonard Barden

BRIDGE

Today's hand is from rubber bridge. Here is So Near and Yet So Far:

N
♠ Q J
♥ 4
♦ A K 7 6 3
♣ K Q 9 6 5

W
♠ 10 8 7 5 3
♥ 5 3
♦ J 10 5 4
♣ A 2

E
♠ A 9 2
♥ J 10 9 7 2
♦ Q
♣ J 10 8 4

S
♠ K 6 4
♥ A K Q 8 6
♦ 9 8 2
♣ 7 3

With neither side vulnerable, North was dealer and opened the bidding with one diamond. South responded with one heart, North re-bid two clubs and South said two no-trumps, which was correct. To re-bid two hearts is wrong: it does not do justice to his hand. Holding two spade honours, North was happy to bid three no-trumps and this concluded the auction.

West started with the spade five and dummy's knave was taken by the ace. East returned the nine and the queen won. The declarer played dummy's diamond king (in case East held a singleton honour) and his good technique was rewarded when the queen dropped from East, South following with the two.

Dummy's three came next to declarer's eight, and the 10 won. West led another spade to dislodge the king and South led his diamond nine. West played low and South could not take with dummy's ace. He played a club, taken at once by the ace, and West cashed two spades to put the contract down.

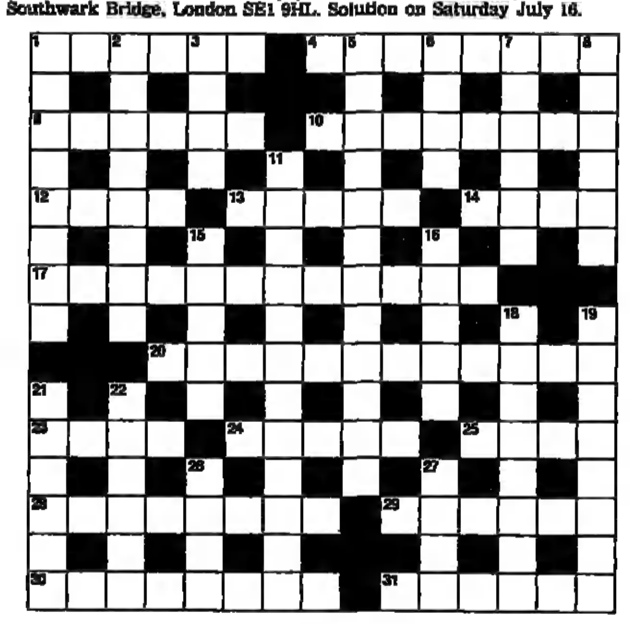
Declarer went wrong at trick three. He should have followed his excellent play of the diamond king by unblocking either his eight or his nine. Then, when he gets in with the spade king, he can play his diamond two, finesse dummy's seven and make his contract with two spades, three hearts and four diamonds.

E.P.C. Cotter

CROSSWORD

No. 8,495 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday July 13, marked Crossword 8,495 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday July 16.



Name ____________________

Address ____________________

ACROSS

1 Edges slowly out of Winchester (6)
4 Dislike of actor's first reading (8)
9 Fastener of prime importance? (6)
10 Sets of permanent anchors with low loops (8)
12 Harrow playboy? (4)
13 Wireless announcement in port (5)
14 Killer-whale in Minorcan keeping (4)
17 Robert's bunco trick as a cowboy? (6-6)
20 Wading birds on water channel could be mudlarks! (12)
23 Chief pilot (4)
24 Visit horrific female relative (5)
25 Nothing left by howitzer, ordinarily (4)
28 Law-breaking in the beginning with a brick? (8)
29 One who is continually on the snow? (6)
30 Barking people may damage this part of the leg (8)
31 Drunk what is packed in tins (6)

DOWN

1 Popular writer to make a dedication (8)
2 Expert on grass, but eccentric (8)
3 Shelter put up by society for slippery persons (4)
5 E the first to be bowed? (6,6)
6 Bloody rich (4)
7 Wild region to pass over (6)
8 Sauna's gone wrong .... the place is sub-tropical! (6)
11 The buck stops here! (6-6)
15 Spy out with escort (5)
16 Absolute ages, as one is made ready (5)
18 Ancient Greek letter-opener (8)
19 Arsenic catalogued as "diverse" (8)
21 Britain endures storms (6)
22 Trip a fellow in a woman's garment? (6)
26 Clumsy fellow with a mop? (4)
27 Purpose of a foreign aide? (4)

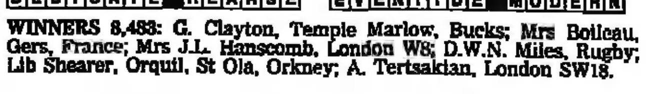
Solution 8,494

S	A	F	E	T	Y		T	R	A	V	E	S	T	Y
A		I		E				A		I		U		A
N	O	R	M	A	L		F	R	E	S	H	M	A	N
S		E		H				E		A		M		K
K	O	W	T	O	W		F	L	A	G	P	O	L	E
R		O		U		M	A	Y		E		N		D
I	N	R	U	S	H			L		F				
T		K		E	A	R	S	H	O	T		C		H
					J		I		R	E	M	O	T	E
U		B		L		O	F	F		S		M		A
P	R	O	B	A	B	L	Y		S	T	U	P	I	D
W		N		C		I				T		I		A
A	D	D	I	T	I	V	E		P	U	B	L	I	C
R		E		I		E				B		E		H
D	E	D	I	C	A	T	E		H	E	A	R	S	E

Solution 8,483

D	E	C	I	D	E		C	A	S	H	I	E	R	S
I		L		E		B		F		Y		A		A
P	L	A	I	N	T	I	F	F		G	A	V	E	L
L		R		T		G		A		R		E		O
O	L	I	D		M	A	Y	B	L	O	S	S	O	M
M		O		A		M		L		M				E
A	M	N	E	S	T	Y		E	V	E	N	T	S	
T		E		T						T		A		B
	S	T	O	R	E	S		C	L	E	A	N	E	R
B				I		L		A		R		G		I
O	C	E	A	N	G	O	I	N	G		B	E	R	G
N		E		G		G		T		D		R		H
N	E	R	V	E		G	E	O	L	O	G	I	S	T
I		I		N		E		N		D		N		O
E	V	E	N	T	I	D	E		M	O	D	E	R	N

WINNERS 8,483: G. Clayton, Temple Marlow, Bucks; Mrs Boileau, Gers, France; Mrs J.L. Hanscomb, London W8; D.W.N. Miles, Rugby; Lib Shearer, Orquil, St Ola, Orkney; A. Tertsakian, London SW18.



Why Britain needs Maradonas

It is not saintliness that excites, it is winning, says ***Dominic Lawson***

First, Britain lost its Empire. Then it began losing at sport. What else is left to perpetuate its self-esteem? The fact that British men are gentlemen, and the rest of the world cheats or worse. How gratifying it is to us all in Britain that O.J. Simpson is to be tried for the murder of his former wife, Nicole, and a 25-year-old friend of the former Mrs O.J.

We had not known much of Mr Simpson until the most recent developments in his social life. But we are told that he was the biggest American football star of his generation and that he was the most popular sportsman in that country.

See how foolish our young American cousins are. They have put their faith in a bad 'un once again. For English commentators this has been an unmitigated pleasure. Since we had never needed to know about Simpson until now, none of us has ever said anything laudatory about the man, which we need now embarrassingly retract.

We can just make the most of the further staining of what is sometimes called "The American Dream" – the rise to stardom of poor kids from nowhere. In fact, we have not had so much fun since the jailing for rape of Mike Tyson, former heavyweight boxing champion.

There is another aspect to this which thrills the British. People such as Simpson and Tyson were conspicuous spenders, as poor people tend to be when they come into vast sums of money. In Britain we find that repulsive, and so the thought of such vulgar brutes being brutally separated from their wealth is delightful, almost to the point of titillation.

We do, naturally, aspire to sporting greatness, as much as any nation. We would be agog with excitement and admiration if, by some bizarre turn of events, a British man bestrode the world of American football like a colossus. Real football, the sort we invented, is, of course, the one we most care about. It was a savage blow to British pride when successively England, Wales, Scotland, and Northern Ireland failed to qualify for the World Cup. It had been only scant consolation that an Englishman, Jack Charlton, was the manager of the qualifying team from the Republic of Ireland. But now all is well again, and true Britons can hold their heads in pride – Diego Maradona has been booted out of the World Cup for drug abuse.

One might question whether the taking of a cure for cold, which is available over the counter, is worthy of such treatment by football's governing body. But this would be to miss the point, and certainly to fail to recognise why the British newspapers have devoted such hand-rubbing space to Maradona's expulsion.

This was the man who, by cheating, knocked England out of the World Cup in 1986. Naturally, no Englishman would deliberately hand-ball, as Maradona did on that famous occasion. To our rejoicing he has finally realised the limits of ungentlemanly conduct.

It helps our sense of outrage that Maradona is a representative of a nation we have recently fought against. Do not these chaps know when they are beaten? Boris Becker's apparent gamesmanship in the current Wimbledon tennis championship would be worthy enough of our righteous outrage, but he was already in trouble for being German and better than any of our boys. "Our boys" at Wimbledon tend to conform to a different stereotype. Like Jeremy Bates, they are all decent, clean-cut sportsmen, who would never deliberately distract their opponents.

What we must never admit is that our boys could not beat Boris Becker even employing dirty tricks. Nor can we admit that Diego Maradona has done more to popularise football than any Englishman alive.

What we have yet to learn is that it is not manners, still less saintliness, which inspire and excite. It is winning, winning at all costs and *against all odds*. That attitude demands characters of an extreme, almost primitive energy. We need them in British sport. They are, after all, the sort without whom we could never have built an Empire.

■ *Dominic Lawson is editor of The Spectator.*

A clash of values on the Ark Royal

Nicholas Woodsworth joins the aircraft carrier in the Adriatic and finds a subtle, non-violent conflict taking place on board

My grandfather, an Englishman from the lower edge of the middle class, spent most of his life trying to escape insecurity and the limitations of his background. He had a good deal of imagination but little business acumen and the results, almost without exception, were spectacularly unsuccessful.

But at the end of his life there was one part of his professional career that he looked back to with great pride and satisfaction. It had nothing to do with escapist ventures in far-flung places. On the contrary, it lay close to the heart of the British social and institutional traditions he was trying to run away from. With the threat of hostilities in the late 1930s, my grandfather became a naval reserve officer and served at sea with the Royal Navy throughout the war.

I was not impressed when, on holiday visits between bouts of boarding school, my grandfather extolled the merits of the Royal Navy. He spoke of an ideal of duty, of the value of common endeavour, of comradeship, of jobs well done; I could only see regimentation, blind obedience, and a hierarchically tribal organisation. It all sounded too much like the strict and old-fashioned school I had so happily come away from.

Since that time I had thought little of my grandfather's views on life afloat until, not long ago, I found myself aboard the Ark Royal, cruising the Adriatic. I had initially been interested in the Bosnian conflict itself, and Britain's contribution to the UN-sponsored "deny-flight" programme in Bosnian air space. Much of it is executed from the flight deck of the aircraft carrier Ark Royal, the largest and perhaps best-known ship in the Royal Navy.

But the more I clambered about the Ark's decks and stairways and looked in on life in her messes, the more I became aware of the existence of another sort of conflict. It is subtler and non-violent but, for all that, crucial to the future of the Royal Navy. It is the struggle between new principles of business and the old principles of duty my grandfather so respected.

□ □ □

The Ark Royal is like a small town. There is a bakery and a post office, a laundry and a hospital, a police station and a cobbler's. Here, in addition to a vast range of specialised professional activities, one finds most of the normal goings-on of daily life.

I had spent periods at sea before on non-military boats, and knew the feeling that makes each ship a little world unto itself. What astonished me on the Ark Royal, and what would be found wholly inconceivable in civilian life, is that all this activity, all these wills, are directed towards one final end. From the swabbing of its immaculately kept decks to the operation of ultra-sophisticated sonar equipment, life aboard the Ark Royal is above all an endeavour of co-ordination. Millions of pounds worth of technology not withstanding, the Ark Royal is a precision machine of 1,200 human parts.

The final objective on an aircraft carrier, of course, is the execution of successful air missions, and I spent time on the grey-painted "island" overlooking the Ark Royal's flight deck.

From here I could watch the take off and recovery of aircraft – up to 80 movements a day on a runway just 600 feet long – of the ship's Sea King helicopter and Sea Harrier combat jet squadrons.

To my eye there was something insect-like about it all – the way the helicopters came hovering in beside the Ark Royal, then, sideslipping, settled like dragon flies on a floating stick; the way, after landing, these same aircraft folded their propellers back like so many delicate pairs of wings; the angry buzzing of a Sea Harrier as it shot off the deck, circled once or twice, then disappeared into the sky; the helmets and visors, globular and reflective like the eyes of a fly, worn by combat pilots as they climbed into their craft.

But insects operate from instinct. What this vision did not include was the human factor – the training, the hours of repetition and practice that everyone aboard goes through to achieve the degree of professionalism required.

And flight operations are only the end product. Below, on nine windowless decks sandwiched between the flight deck and the ship's keel, are the hundreds of men, and now women – there are 110 Wrens aboard – who, with the same professionalism in their own particular field make the whole thing work.

Pilots, marine engineers, aircraft mechanics, caterers, weapons systems operators, stokers, communications specialists – I found the workings of community aboard the Ark Royal extraordinary to behold. All are so dependent on each other, all have lives with demands so much more stringent than those in our own civilian lives of negotiation and compromise that I began to understand, for the first time, the sense of comradeship and service that is the essential ingredient of a happy ship.

Everyone I talked to aboard subscribed, in his or her own way, to these old ethics. Even the young. When on the flight deck I asked 27-year-old Lt Ivan Hamilton what it felt like to fly a helicopter, his eyes lit up with the sheer joy and excitement of it; but he also stressed the need among pilots, the most individual of Navy men, for a "pack-animal mentality". Caroline Redwood, an aircraft mechanic barely in her 20s, told me she could never go back to civilian secretarial work – there were few satisfactions.

In the pubby, clubby atmosphere of the wardroom, where officers in the coloured cummerbunds of their squadrons had gathered for drinks before dinner, Lt Commander Jerry Betteridge put it more succinctly.

"We feel a sense of belonging to a special society," he told me. "Things have changed: officers and ratings are better educated, more specialised now, and the sense of mindless obedience has disappeared. But we hold on to our old Navy traditions and ideals. If we let them go, we would lose the concept on which we base all our behaviour and efficiency – our pride of service."

The world is changing so much that such ideals risk obliteration none the less. The cold war of my youth and my grandfather's old age is over. In strategic terms the collapse of Communism has wholly altered the Royal Navy's situation. It now finds itself in a state similar to that following the defeat of Napoleon in 1815: its longtime adversary gone and its traditional role vanished, it is casting about for alternative roles.

After 1815 some of the Navy's resources were directed, as they are today in Bosnia, to a humanitarian cause – the eradication of the slave trade. Most, however, went to maintaining the Navy as the keeper of a worldwide and highly profitable *Pax Britannica*.

But with British power eroded abroad and an economy ailing at home, the Royal Navy has no such role to play today. With demands from other ministries, the "peace dividend" has only further justified continuing cuts in defence budgets. Following the Falkland Islands conflict the Royal Navy had 60 destroyers and frigates and 70,000 staff; today there are 40 such vessels and 55,000 staff. Despite government promises on redundancy levels, shock waves roll through the Royal Navy with each new leak from the Ministry of Defence – the current defence cost study, due out shortly, is expected to result in a further 8,000 Navy redundancies and many other cuts.

Recent policy has also gone a long way in changing the manner in which the Navy is run. New management techniques, new systems of accountability, open tendering, private contracting, the elimination of excess capacity – these and other initiatives designed for cost-effectiveness make the Royal Navy look as much an organisation stripped down for competitive business as for combat.

Officers on the Ark pride themselves that the sea-borne air power they provide off the coast of the former Yugoslavia is the most effective expression of British government policy possible: from neutral waters they assure a military offensive presence, demonstrate a political will, and give a promise of protection to British ground troops, all at a minimum cost and minimum level of engagement. And they are right – what neater tool of British policy could there be?

At the same time, however, officers and staff feel they are not getting much in return. The new ethos of rational business management, they say, not only risks turning the Royal Navy into an ineffective force; it also threatens to remove the public service ethic which lies at the very heart of the Navy.

This is a sentiment that runs from the bottom of the ship to the top, from stokers I talked to deep in the ship's innards to officers taking tea and rock buns in the wardroom. Certainly the captain, Terry Loughran, in an immaculate white uniform on the Ark Royal's bridge, has fears for the Royal Navy's future.

"Enormous strains are being put on us by new management techniques," he told me. "We expect a man to be prepared to lay down his life for us, yet we turn round without the slightest hesitation and make him redundant. We take great pride in service. It would be frustrating to produce a shoddy, second-rate job, but stress and great uncertainty is very much there and can lead to just that."

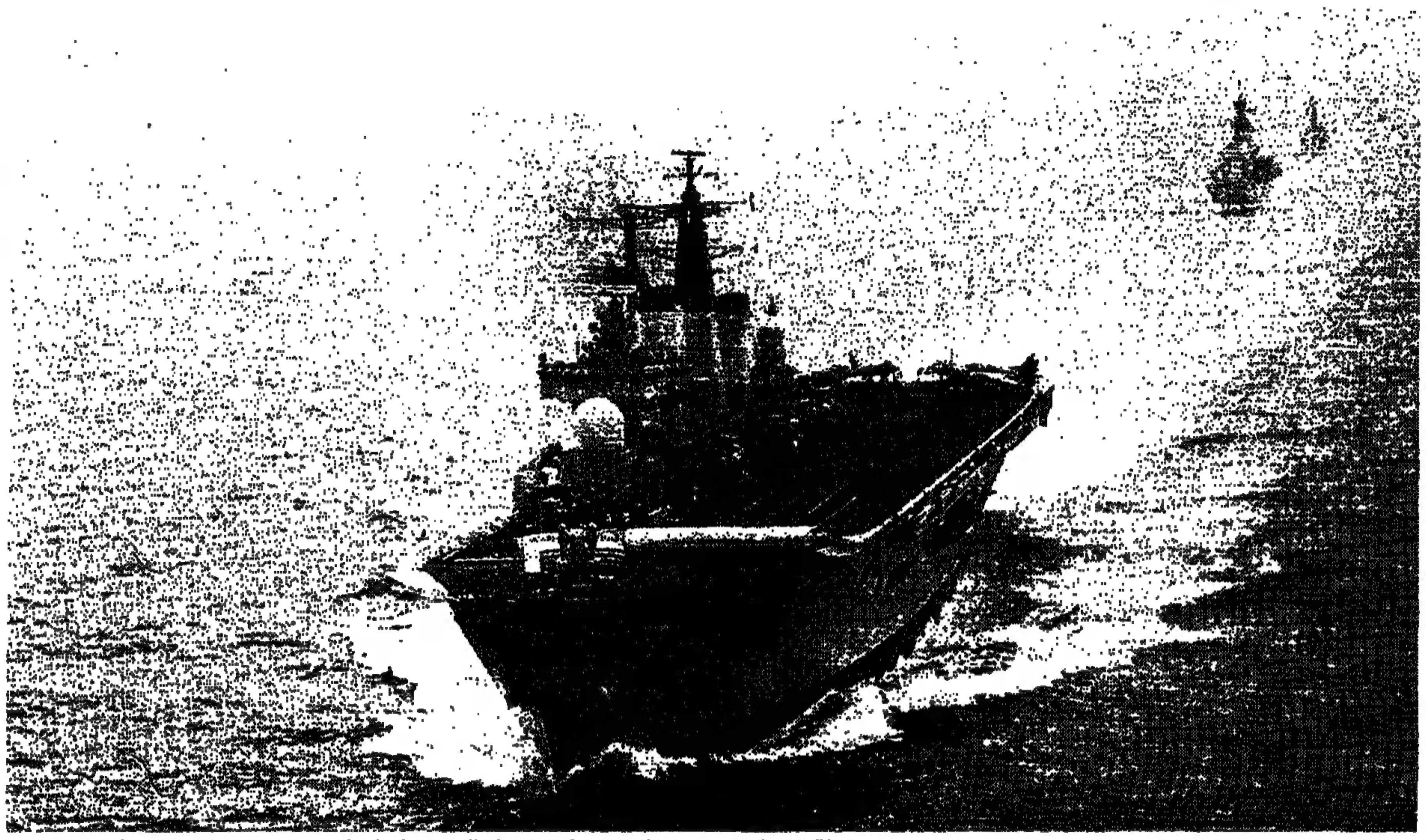
All this could be avoided, he said, if instead of managing the navy like an unprofitable business, it were seen for what he believes it to be – an investment with huge but unquantifiable returns.

"You cannot apply business principles to an organisation whose earnings are invisible. Our product is intangible. Cost-cutting has got to the stage where we have lost sight even of business principles. In a real business we would have a 10-year plan. The MoD has a 10-year plan and rips it up every year and starts again. We are now at the cut-off point where inefficiencies outweigh the benefits of cost-saving."

Greater influence in world affairs, research and development that brings Britain export earnings, the protection of economic resources at sea, job provision, the power to deal effectively with the crises that are becoming a regular part of life in the post-communist world – all these, Captain Loughran told me, are the invisible earnings of an efficient Royal Navy.

I am no more pro-military than I was as a schoolboy. But if the Royal Navy has a future in invisible earnings it also has one in peace-keeping. My ramblings about the Ark Royal brought me two things: a realisation that a navy is only as good as the politicians who control it, and a reconciliation with my grandfather.

What would he think, I wonder, of today's Royal Navy? As someone with both old navy values and a vast experience in business failure, I imagine he would be alarmed.



A precision machine of 1,200 human parts: the Ark Royal – the most effective expression of British government policy possible

Universal Pictorial Press

How we elect the king

Tony Benn explains how the constitution should be used to give Britons the right to choose, through the ballot box, their head of state

The British constitution, contrary to what is widely believed, is not an unwritten one but is written down in detail in a network of personal oaths of allegiance which are imposed on everyone who exercises any responsibility in the state and binds them, individually, to the crown.

All MPs, peers, mayors, judges, officers, police officers and many others are required to take such an oath.

Privy councillors, who include all cabinet ministers, have a special and secret oath administered binding them even more tightly to the crown.

Bishops are required to pay homage to the crown and accept that the monarch is the only source of "ecclesiastical, spiritual and temporal power", while at the coronation the only oath that the Queen gives is to defend the protestant religion and uphold the rights of the bishops.

The monarchy actually consists of three separate and interlocking parts.

The first, and most public, is to be found in the person of the king or queen. The Queen has a high profile and symbolises the nation in the minds of the people, ever present and presiding over parliament and government but nowadays possessing very few personal powers.

The real powers of the crown are exercised by the prime minister using the royal prerogatives. These confer an immense amount of patronage, including the power to make and unmake ministers, appoint peers and thousands of public officials.

They also include the power to go to war and sign treaties, without the consent of parliament, and it is under the prerogative power of treaty-making that all the laws assented to by British ministers in Brussels gain their legitimacy and override any domestic legislation that might conflict with them.

The third and most mysterious aspect of the monarchy lies in the existence of the crown as a legal fiction, for example, when members of the security services are placed under a lifetime obligation of confidentiality to the crown, which is a licence for them to do what they like without regard to the law and then to keep quiet about it, making them a state within a state.

This structure dates back hundreds of years and the only real change came recently – and from an unexpected source – British entry into the European Union.

Under the Maastricht Treaty provisions, the Queen and Prince Charles have become citizens of this union, reducing them to the same level as the rest of us. Within the European Union, as it moves towards federalism, it is obvious that many more public officials will be required to transfer their personal allegiance to the union, as British commissioners have already had to do.

All these aspects of a monarchical system of government are carefully concealed beneath the public face of the king or queen of the day. Any criticism of the system has been fended off by presenting it as an unfair attack upon the person of the monarch.

So successful has this technique been that it is almost impossible for any serious discussion to take place on how we might wish to be governed

Some time ago I introduced a Commonwealth of Britain bill which would give the country a new and democratic constitution providing, among other things, for the election of a president and disestablishment of the Church of England.

This bill received a great deal of attention and is on the reading list for some universities, but the problem has always been the method by which the process of reform could be started.

For many years I have been working on a method that would make this possible, intending to disclose it when the throne became vacant, and this is how I realised that it could be done.

When a sovereign dies or abdicates the successor has to be proclaimed king or queen and that proclamation, which is then read out in public in various parts of the country, is the legal basis upon which the new monarch rests for his or her authority.

This proclamation is agreed at a meeting of the Privy Council, held at St James's Palace, and the key words in it are as follows:

"We, therefore . . . do now, hereby, with *one voice and consent of tongue and heart* publish and proclaim . . ."

This proclamation is then signed by all those present.

There could hardly be a clearer or more precise legal statement of the requirement of unanimity – and it is virtually identical with the same principle which applies in the Council of Ministers of the European Union when the president of the commission has to be appointed.

A few days ago, the prime minister was vigorously defending his use of that unanimity rule to block the appointment of the Belgian *prime minister and this was one of* the reasons why I decided to make my proposal public, by writing to the Lord President of the Council.

The other reason for doing so was the decision of the Prince of Wales to recommend the disestablishment of the Church of England, which I have long advocated, and which would have the most profound constitutional implications.

If the proclamation of the Prince *of Wales as king* can be delayed by one privy councillor registering an objection, then the matter would have to be referred back to parliament, as it was in 1688 when parliament offered the throne to William III.

My purpose in all this is very simple and straightforward and involves no personal criticism of the Prince of Wales.

It is to offer this country a chance to adopt a democratic constitution that would give everyone the right to choose, through the ballot box, their head of state and both houses of parliament, as happens in every modern democracy.

It is my conviction that the problems that face Britain can only be tackled if we throw off the shackles of feudalism and start to have confidence in ourselves.

Tony Benn (right) has no personal criticism of Prince Charles but wants a democratic constitution

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